SAMPLE COMPANY AGREEMENT

OF

ABC APARTMENTS LLC

ARTICLE 1
ORGANIZATION OF THE COMPANY

Section 1.1 Formation. The Company is a limited liability company organized under the provisions of the Texas Business Organizations Code, as amended from time to time (the "BOC"). The Certificate was filed on _______, with the office of the Secretary of State of Texas.

Section 1.2 Name and EIN. The name of the Company is, and the business of the Company shall be conducted under the name of, "ABC APARTMENTS LLC." The Company may transact business under assumed names by filing assumed name certificates in the manner prescribed by applicable law. The law firm of Hoover Slovacek LLP has been authorized to obtain an employer identification number, and the number assigned to the Company by the Internal Revenue Service is _________________.

Section 1.3 Continuation and Term. The Company was formed upon the issuance by the Secretary of State of the State of Texas of the Certificate. The Company's existence shall be perpetual unless it is earlier terminated pursuant to the provisions of this Company Agreement.

Section 1.4 Purpose. The Company is formed for the object and purpose of owning and operating 100% of the ownership interest in the ABC Apartments, located at NEW CITY, TEXAS, and engaging in any and all activities necessary or incidental to the foregoing.

Section 1.5 Offices. The principal office of the Company shall be determined from time to time by the Managers. The registered office of the Company required by the BOC to be maintained in the State of Texas may be, but need not be, identical to the principal office. The Company's registered office, registered agent and the addresses thereof may be changed from time to time by the Managers in accordance with the BOC. The Company may also have offices at such other places, both within and without the State of Texas, as the Managers may from time to time determine or the business of the Company may require.

ARTICLE 2
DEFINITIONS

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When used in this Company Agreement, the following terms shall have the respective meanings assigned to them in this Article 2 or in the Sections referenced below.

“Allocation Regulations” means Treasury Regulations § 1.704-1(b), Treasury Regulation § 1.704-2 and Treasury Regulation § 1.704-3 (including temporary regulations), as such regulations may be amended and in effect from time to time and any corresponding provisions of succeeding regulations.

“Assignee” shall mean a person to whom a Membership Interest has been transferred in a manner permitted under this Company Agreement, and who thereby has an interest in the Company equivalent to that of a Member but (i) limited to the rights and obligations appurtenant to a Membership Interest to share in the allocations and distributions, including liquidating distributions, of the Company, and (ii) otherwise subject to the limitations under the BOC on the rights of an assignee.

“BOC” shall have the meaning specified in Section 1.1.

“Capital Account” means the account established and maintained for each Member in the manner described in Section 4.4.

“Capital Contribution” means the amount contributed to the Company by each Member in exchange for its Membership Interest.

“Certificate” shall have the meaning specified in Section 1.1.

“Code” means the Internal Revenue Code of 1986, as amended and in effect from time to time.

“Company” means ABC APARTMENTS,LLC, a limited liability company organized under the laws of the State of Texas.

“Fair Value” means, with respect to any Membership Interest, the fair value thereof, as determined by an independent appraiser selected by the Manager.

“Indemnitee” shall have the meaning specified in Section 10.1(a).

“Incapacitated” means suffering from a substantial inability to responsibly manage ones own financial affairs because of a physical or mental condition. **“Incapacity”** refers to the state of being Incapacitated.

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“Incapacitated Member” means a Member for whom a guardian of the estate has been appointed or who, in the opinion of the Managers after consultation with a licensed physician who has examined the Member, is Incapacitated.

“Majority In Interest” means those Members whose aggregate Percentage Interests exceed 50%.

“Manager” means a person selected in accordance with the Certificate and this Company Agreement who shall have the powers and duties to manage the business and affairs of the Company and exercise its powers to the extent set forth in this Company Agreement, the Certificate and the BOC.

“Member” means a person who holds a Membership Interest and has become a member of the Company in accordance with this Company Agreement.

“Membership Interest” means the interest of a Member in the Company, including, without limitation, rights to receive distributions, to be allocated income, gain, loss, deduction, credit or similar items, to receive information, and to grant consents or approvals.

“Official Capacity” shall have the meaning specified in Section 10.1(b).

“Percentage Interest” shall mean, when used with reference to a Member, the percentage interest set forth opposite such Member’s name on Exhibit A, attached hereto, as adjusted from time to time to reflect changes in the relative interests of the Members resulting from contributions or distributions other than in accordance with their Percentage Interests immediately preceding such contributions or distributions.

“Proceeding” shall have the meaning specified in Section 10.1©.

“Transfer” means (a) any sale, transfer, encumbrance, gift, donation, assignment, pledge, hypothecation, or other transfer of all or part of any Membership Interest or the right to control a Membership Interest, whether voluntary or involuntary, and whether during the transferor’s lifetime or upon or after the transferor’s death, including any transfer by operation of law, by court order (including the appointment of a guardian of the estate of an Incapacitated Member), by judicial process, or by foreclosure, levy, or attachment; or (b) the loss of control of a Membership Interest occasioned by the Incapacity of a Member.

“Unit” shall mean a one percent (1%) Membership Interest in the Company.

ARTICLE 3
MANAGEMENT OF THE COMPANY

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Section 3.1 Management. The powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, one or more Managers, who, if more than one, shall be organized as a Board of Managers. In addition to the powers and authorities expressly conferred upon them by this Company Agreement, the Managers may exercise all such powers of the Company and do all such lawful acts and things as are not by law or by the Certificate or by this Company Agreement directed or required to be exercised or done by the Members. Each Manager is an agent of the Company for the purpose of its business. The act of a single Manager, including the execution in the name of the Company of any contract, conveyance or other instrument on behalf of the Company, binds the Company unless the Manager so acting otherwise lacks authority to act for the Company and the person with whom the Manager is dealing has knowledge of the fact that the Manager has no such authority.

Section 3.2 Number and Term of Office. The initial Board of Managers shall consist of those Managers named in the Certificate. The number of Managers may be increased or decreased from time to time by resolution of the Members or the Managers. Except as otherwise set forth in the Certificate or this Company Agreement, each Manager shall serve until his successor shall have been elected and qualified, except in the event of his death, resignation, or removal.

Section 3.3 Newly Created Positions and Vacancies. Newly created positions as Manager resulting from any increase in the number of Managers between meetings of the Members, and any vacancies on the Board of Managers resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the Managers then in office even though constituting less than a quorum.

Section 3.4 Meetings of Managers. The provisions of this Section 3.4 shall apply in the event the Company has more than one Manager.

(a) Place of Meetings. The Board of Managers of the Company may hold their meetings, both regular and special, either within or without the State of Texas.

(b) Annual Meeting. The first meeting of newly elected Managers shall be held immediately following the adjournment of the annual meeting of the Members and no notice of such meeting shall be necessary to the newly elected Managers in order legally to constitute the meeting, provided a quorum shall be present, or they may meet at such time and place as shall be fixed by the consent in writing of a majority of the Managers.

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(c) Regular Meetings. Regular meetings of the Board of Managers, in addition to the annual meetings referred to in Section 3.4(b), may be held without notice at such time and place as shall from time to time by determined by the Managers.

(d) Special Meetings. Special meetings of the Board of Managers may be called by the Chairman of the Managers, if one shall be elected, or by the President, if a Chairman of the Managers is not elected, on one (1) day's notice (oral or written) to each Manager. Special meetings shall be called by the President or the Secretary on like notice on the written request of any Manager. Neither the purpose of, nor the business to be transacted at, any special meeting of the Managers need be specified in the notice or waiver of notice of such meeting.

(e) Quorum and Action. At all meetings of the Board of Managers, the presence of a majority of the number of Managers fixed by or in accordance with this Company Agreement shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the Managers at any meeting at which a quorum is present shall be the act of the Managers unless the act of a greater number is required by law, the Certificate or this Company Agreement. If a quorum shall not be present at any meeting of Managers, the Managers present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present.

(f) Presumption of Assent to Action. A Manager who is present at a meeting of the Board of Managers at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Manager who voted in favor of such action.

(g) Alternative Modes for Meetings. Managers may participate in and hold a meeting of the Members by means of conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(h) Action Without Meeting. Any action required or permitted to be taken at a meeting of the Managers, or any committee thereof, may be taken without a meeting if a

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consent in writing, setting forth the action so taken, is signed by a majority of the Board of Managers, or committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE 4
CAPITAL CONTRIBUTIONS AND INTERESTS

Section 4.1 Capital Contributions. Each Member shall make the Capital Contribution set forth opposite such Member's name in Exhibit A, attached hereto. Upon such contribution, each Member shall receive his Membership Interest.

Section 4.2 Interest on and Return of Capital Contributions. The Members shall not be entitled to interest on any Capital Contribution or on its Capital Account balance, and no Member shall have the right to withdraw or to demand the return of all or any part of its Capital Contribution, except as specifically provided in this Company Agreement.

Section 4.3 Additional Capital Contributions. The Members shall not be required to make any additional Capital Contribution to the Company nor shall any Member be obligated to satisfy any deficit in its Capital Account.

Section 4.4 Capital Accounts. The Company shall maintain for the Members a separate Capital Account in accordance with the Allocation Regulations. Each Member's Capital Account shall be increased by (a)(i) the cash or fair market value of any property contributed to the Company by the Member (net of any liabilities secured by the property that the Company is considered to assume or take subject to under Section 752 of the Code) and (ii) all items of Company income and gain allocated to such Member pursuant to Section 5.1; and decreased by (b)(i) the cash or fair market value of any property (net of any liabilities secured by the property that the Member is considered to assume or take subject to under Section 752 of the Code) distributed to the Member, (ii) allocations to the Member of expenditures of the Company described in Section 705(a)(2)(B) of the Code, and (iii) allocations of Company loss and deduction (or items thereof) pursuant to Section 5.1. In addition, each Member's Capital Account shall be increased or decreased to reflect other items not taken into account in this Article as may be necessary to comply with the requirements of Treasury Regulation Section 1.704-1(b)(2)(iv) (or any successor provision thereto).

ARTICLE 5
ALLOCATIONS AND DISTRIBUTIONS

Section 5.1 Allocation of Income, Losses and Other Items.

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(a) Except as otherwise provided in this Company Agreement, for purposes of maintaining the Capital Accounts and in determining the rights of the Members (whether one or more), the income, losses, gains, and deductions shall be allocated to the Members in accordance with their respective Percentage Interests.

(b) The following mandatory allocations shall be made prior to making any allocations provided for in Section 5.1(a) above:

(i) Qualified Income Offset. Except as provided in Section 5.1(b)(ii) hereof, in the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) which cause or increase a deficit balance in his Capital Account, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Allocation Regulations, the deficit balance in the Capital Account created or increased by such adjustments, allocations or distributions as quickly as possible.

(ii) Nonrecourse Debt Allocations. Notwithstanding any other provision of this Section 5.1, each Member shall be allocated items of Company income and gain in each fiscal year as necessary, in the Members' discretion, to comply with the Allocation Regulations relating to nonrecourse debt.

(iii) Gross Income Allocations. In the event any Member has a deficit balance in his Capital Account, such Member shall be specially allocated items of Company gross income and gain in the amount of such excess as quickly as possible.

(iv) Curative Allocations. The Special allocations set forth in Section 5.1(b)(i), (ii) and (iii) (the **"Regulatory Allocations"**) are intended to comply with the Allocation Regulations. Notwithstanding any other provisions of this Section 5.1, the Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members such that, to the extent possible, the net amount of such allocations of items of income, gain, loss and deduction and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each Member if the Regulatory Allocations had not occurred.

Section 5.2 Allocations for Tax Purposes. For federal income tax purposes, except as otherwise provided in the Code or Allocation Regulations, each item of income, gain, loss, and deduction of the Company shall be allocated among the Members in the same manner as its

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corresponding item of "book" income, gain, loss or deduction has been allocated pursuant to Section 5.1 hereof.

Section 5.3 Distribution of Cash and Other Property. Other than in respect of the winding up of the Company, distributions of cash or property of the Company shall be made at such time and in such amounts as determined by the Managers. Distributions pursuant to this Section 5.3 shall made to the Members in accordance with their respective Percentage Interests. However, any and all distributions hereunder shall be treated and applied as a return of that Member's Capital Contribution until such time as that Member's Capital Contribution has been repaid in full.

ARTICLE 6
MEMBERS; TRANSFER OF MEMBERSHIP INTERESTS; ADMISSION OF NEW MEMBERS

Section 6.1 Representations and Warranties of Members. Each Member hereby represents and warrants to the Company and the other Members as follows:

(a) Authorization. If the Member is an organization, that it is duly organized, validly existing, and in good standing under the law of its state of organization and that it has full power and authority to execute and enter into this Company Agreement and to perform its obligations hereunder and that all actions necessary for due authorization, execution, delivery and performance by that Member have been duly taken;

(b) Compliance with Other Instruments. The Member's authorization, execution, delivery, and performance of this Company Agreement do not conflict with any other agreement or arrangement to which such Member is a party or by which it or he is bound;

(c) Purchase Entirely for Own Account. The Member is acquiring its or his Membership Interest in the Company for the Member's own account for investment purposes only and not with a view to or for the resale or distribution thereof and has no contract, understanding, undertaking, agreement, or arrangement of any kind with any Person to sell, transfer or pledge to any Person its or his interest or any part thereof nor does such Member have any plans to enter into any such agreement;

(d) Investment Experience. By reason of its or his business or financial experience, the Member has the capacity to protect its or his own interests in connection with the transactions contemplated hereunder, are able to bear the risks of investment in the Company, and at the present time could afford a compete loss of such investment;

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(e) Disclosure of Information. The Member is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire an interest in the Company; and

(f) Federal and State Securities Laws. Assuming federal and state securities laws apply to the Membership Interests, the Member acknowledges that the Membership Interests have not been registered under the Securities Act of 1933 or any state securities laws, inasmuch as they are being acquired in a transaction not involving a public offering, and, under such laws, may not be resold or transferred by such Member without appropriate registration or the availability of an exemption from such requirements.

Section 6.2 Transfer of Member's Interest. No Member may assign or suffer any Transfer of any or all of the Membership Interest of such Member to another person (**"Assignee"**) without the prior written consent of the Managers and a Majority in Interest. If the Assignee is not already a Member, the Assignee will become a Member in the Company entitled to all the rights and benefits under this Company Agreement only if all of the Managers and a Majority in Interest consent to the assignment in writing. An Assignee who is not a Member shall only be entitled to distributions to which the assignor would be entitled.

Section 6.3 Admission of New Members. A person may become a new Member of the Company upon (i) receiving the consent of the Managers and a Majority in Interest to such admission and to the amount of the Capital Contribution to be made by such new Member, (ii) making the Capital Contribution to the Company and (iii) executing an addendum to this Company Agreement which by its terms (a) binds such new Member to the terms and conditions set forth herein, (b) recites the Capital Contribution to be made by such new Member and © sets forth the Membership Interest to be received by such new Member in exchange for its Capital Contribution. At the time of admission of a new Member, the Members shall amend Exhibit A to reflect the Percentage Interests of all of the Members. Such revised Exhibit A shall be effective as of the date of admission of the new Member.

Section 6.4 Right to Purchase Upon Death or Incapacity. Following a Transfer by a Member of its Membership Interest as a result of death or Incapacity, the other Members will have the right to purchase all or a portion of the Transferred Membership Interest for its Fair Value. Such right may be exercised by a Member by giving, within sixty (60) days after such Transfer, to the Assignee of the Member that owned the Transferred Membership Interest (the **"Disabled Member"**, which term includes the Disabled Member's heirs, representative, or assigns) notice of the Member's desire to purchase all or a portion of such Transferred Membership Interest. If there is more than one Member who desires to exercise such right (each, a **"Purchasing Member"**), the Unsold Interest will be allocated among all Purchasing Members as follows: a portion of the Unsold Interest will be allocated to each Purchasing Member to the

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extent of the lesser of (i) the Purchasing Member's pro rata portion (based on the number of Units owned by such Purchasing Member relative to the number of Units of all Purchasing Members) of the Unsold Interest, and (ii) the portion of the Unsold Interest that such Purchasing Member expressed a desire to purchase in such notice. If, after such allocation, any portion of the Unsold Interest has not been allocated to the Purchasing Members, a similar allocation will be made among the Purchasing Members who have not been allocated the full portion of the Unsold Interest that such Purchasing Members expressed a desire to purchase in their respective notices. Such procedure will be continued until all of the Unsold Interest has been allocated, if possible.

Section 6.5 Right to Purchase Upon Divorce. If, as a result of divorce, a Membership Interest is Transferred to the spouse of the person who was, prior to such divorce (the **"Divorced Member"**), the holder of such Transferred Membership Interest, the Divorced Member will have the right to purchase the Transferred Membership Interest for its Fair Value. Such right may be exercised by the Divorced Member giving notice, within sixty (60) days after such Transfer, to the former spouse of such Divorced Member (the **"Former Spouse"**, which term includes the heirs, representatives, or assigns of the Former Spouse) of the Divorced Member's desire to purchase all or a portion of such Transferred Membership Interest. If, by the end of such period, the Divorced Member has not given notice to purchase all of such Transferred Membership Interest, the other Members will have the right to purchase the portion of the Transferred Membership Interest with respect to which the Divorced Member did not give such notice within such period (the "Unsold Interest") for its Fair Value. Such right may be exercised by a Member by giving notice, within ninety (90) days after such Transfer, to the Former Spouse of the Member's desire to purchase all or a portion of such Unsold Interest. If there is more than one Member who desires to exercise such right (each, a **"Purchasing Member"**), the Unsold Interest will be allocated among the Purchasing Members as follows: a portion of the Unsold Interest will be allocated to each Purchasing Member to the extent of the lesser of (i) the Purchasing Member's pro rata portion (based on the number of Units owned by such Purchasing Member relative to the number of Units of all Purchasing Members) of the Unsold Interest, and (ii) the portion of the Unsold Interest that such Purchasing Member expressed a desire to purchase in such notice. If, after such allocation, any portion of the Unsold Interest has not been allocated to the Purchasing Members, a similar allocation will be made among the Purchasing Members who have not been allocated the full portion of the Unsold Interest that such Purchasing Members expressed a desire to purchase in their respective notices. Such procedure will be continued until all of the Unsold Interest has been allocated, if possible.

Section 6.6 Right to Buy or to Sell. In the event that a Member desires to sell all (but not less than all) of its Membership Interest, such Member (the "Tendering Member") shall deliver written notice (the "Buy-Sell Notice") to the other Member(s) (the "Offeree", whether one or more), stating a price and the terms on which it is willing to sell all of its Membership Interest to the Offeree. By giving the Buy-Sell Notice, the Tendering Member shall be deemed

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to have granted to the Offeree an option to either: (i) purchase the Membership Interest of the Tendering Member for the price and upon the terms set forth in the Buy-Sell Notice, or (ii) sell all (but not less than all) of the Offeree's Membership Interest(s) to the Tendering Member for the price and upon the terms set forth in the Buy-Sell Notice.

Section 6.7 Intention to Exercise By Offeree. Within 90 days after receipt of the Buy-Sell Notice from the Tendering Member, the Offeree shall notify the Tendering Member that it elects to either: (i) purchase the Tendering Member's Membership Interest, at the price and upon the terms and conditions set forth in the Buy-Sell Notice, or (ii) sell the Offeree's Membership Interest to the Tendering Member, at the price and upon the terms and conditions set forth in the Buy-Sell Notice. In the event there is more than one Offeree and they choose to purchase the Tendering Member's Membership Interest, the Offerees shall purchase the Tendering Member's Membership Interest in such proportions as they agree upon among themselves, but if they cannot agree then in proportion to their Percentage Interests.

Section 6.8 Failure to Exercise. If the Offeree fails to exercise either of the options granted pursuant to Section 6.6 within the applicable period specified, then the Offeree shall be deemed to have elected to sell all of its Membership Interest(s) to the Tendering Member at the price and upon the terms and conditions set forth in the Buy-Sell Notice.

ARTICLE 7
VOTING, QUORUM, AND MEETINGS OF MEMBERS

Section 7.1 Voting Power. The provisions of this Article 7.1 shall apply in the event the Company has more than one Member. Except as otherwise provided by law, the Certificate or this Company Agreement, each Member shall be entitled at each meeting of Members to one (1) vote on each matter submitted to a vote at such meeting for each Unit having voting rights registered in such Member's name on the books of the Company at the time of the closing of the books (or at the record date) for such meeting. If a quorum of the Members is present, the affirmative vote of the Majority In Interest shall be the act of the Members, unless the vote of a greater amount or approval by other voting groups is required by the BOC, the Certificate of this Company Agreement.

Section 7.2 Quorum. A Majority In Interest, represented in person or by proxy, shall constitute a quorum for the transaction of business.

Section 7.3 Meetings of Members.

(a) Place of Meetings. The Managers may designate any place, either within or without the State of Texas, as the place of meeting for any annual meeting or for any special meeting called by the Managers. A waiver of notice signed by all Members

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entitled to vote at a meeting may designate any place, either within or without the State of Texas, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Company.

(b) Annual Meeting. The annual meeting of Members shall be held at such time, on such day and at such place as may be designated by the Managers, at which time the Members shall elect Managers and transact such other business as may properly be brought before the meeting.

(c) Special Meetings. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by law or by the Certificate, may be called by the Managers or the holders of at least ten percent (10%) of all of the Membership Interests entitled to vote at the meetings. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the call.

(d) Notice of Meetings. Written or printed notice of all meetings of Members stating the place, day and hour thereof, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be personally delivered or mailed, not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting, to the Members of record entitled to vote at such meeting. If mailed, the notice shall be addressed to the Members as their addresses appear on the books and records of the Company and the postage shall be prepaid. Personal delivery of any such notice to any member of a partnership or to any officer of a corporation, limited liability company or other entity shall constitute delivery of such notice to such partnership, corporation, limited liability company or other entity.

(e) Alternative Modes for Meetings. Members may participate in and hold a meeting of the Members by means of conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(f) Action Without Meeting. Any action required by any provision of law or of the Certificate or this Company Agreement to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the Record

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Holder or Holders of Membership Interests entitled to vote with respect to the subject matter thereof and having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all of the Membership Interests entitled to vote on the action were present and voted, and such consent shall have the same force and effect as a unanimous vote of the Members. Prompt notice of the taking of any action upon the written consent of less than all of the Members without a meeting shall be given to the Members who have not consented to the action.

ARTICLE 8
DISSOLUTION

Section 8.1 Events Requiring Dissolution. The Company shall be dissolved upon the happening of any of the following events:

(a) upon the written consent of a Majority In Interest;

(b) upon the occurrence of an event specified under the BOC as one causing dissolution; or

(c) upon the sale, transfer or other disposition of substantially all the property or assets of the Company.

Section 8.2 Election to Carry on Business. Upon the occurrence of an event described in Section 8.1 hereof which would cause a dissolution of the Company by operation of law, the Members may, within ninety (90) days of such event, elect to carry on the business of the Company by the affirmative vote of all of the Members. In the event that all of the Members do not elect to carry on the business within such ninety (90) day period, the Member or Members who do not vote to carry on the business shall, jointly and severally, indemnify the Company for any and all costs incurred by the Company in connection with or as a result of the dissolution of the Company.

Section 8.3 Distribution Upon Dissolution. Upon dissolution of the Company, the affairs of the Company shall be wound up in accordance with this Section 8.3. The fair market value of the assets of the Company (other than cash) shall be determined by the Managers. Any gains or losses (including unrealized gains and losses from property to be distributed in kind) from disposition shall be allocated among the Members as provided in Article 5. Thereafter, the assets of the Company shall be distributed in the following manner and order: (i) first, to the claims of all creditors of the Company, including Members who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Company, and (ii) second, to the Members in proportion to their Capital Contributions until and unless such Capital Contributions have been fully repaid, then to the Members in accordance with their respective Percentage Interests.

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ARTICLE 9
TAX MATTERS

Section 9.1 Preparation of Tax Returns. If the Company becomes liable to file a federal income tax return, the Managers shall arrange for the preparation and timely filing of such return and all other returns required of the Company for state income or franchise tax purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes.

Section 9.2 Tax Elections. The Managers shall determine whether to make any available election pursuant to the Code.

Section 9.3 Tax Controversies. If required to be named, any Member designated by the Managers shall be the **"Tax Matters Partner"** (as defined in Section 6231 of the Code) for the Company, and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including, without limitation, resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith.

Section 9.4. Tax Matters Partner/Partnership Representative.
Section 9.4.1. Taxable Years Beginning Prior To January 1, 2018.
The provisions of this Section 9.4.1 will apply only with respect to the Company's federal and state tax returns filed for taxable years beginning before January 1, 2018. Provision Does Not Apply to Returns Filed for Years Beginning on or after January 1, 2017. With respect to the Company's federal and state tax returns filed for taxable years beginning on or after January 1, 2018, this Section 9.4.1 will be of no further force or effect. Designation of Manager as Tax Matters Partner. The Manager will be designated as, the "tax matters partner" of the Company, as defined in Section 6231.

Section 9.4.2. Taxable Years After 2017.
The provisions of this Section 9.4.2 will apply with respect to the Company's federal and state tax returns filed for all taxable years beginning on or after January 1, 2018. References to Bipartisan Budget Act of 2015. For purposes of this Section 9, unless otherwise specified, all references to Sections will be to this Section as enacted by Section 1101 of Bipartisan Budget Act of 2015, as any this Sections may be subsequently modified.

(a) Manager Will Be Partnership Representative. The Manager will be the Company's designated "Partnership Representative" within the meaning of Section 6223 (the "Tax Representative") with sole authority to act on behalf of the Company
for purposes of Subchapter C of Chapter 63 and any comparable provisions of state

(i) Mark Yates Will Be Designated Individual. To the extent required by Section

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6223, or any Treasury Regulations promulgated thereunder, the Tax Representative will appoint himself as the “designated individual” through whom the Tax Representative will act for purposes of Subchapter C of Chapter 63 (the “Designated Individual”).

(ii) Each Member Will Reasonably Cooperate. Each Member will reasonably cooperate with the Tax Representative in connection with any tax examinations, audits or other proceedings of the Company, or local income tax laws.

(iii) Company Will Indemnify Tax Representative. The Company will indemnify and reimburse the Tax Representative for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members.

(iv) Payment of Indemnification Expenses Before Any Distributions. The payment of all these expenses will be made before any distributions are made to the Members under this Agreement, and before any discretionary reserves are set aside by the Manager.

(v) Actions Within Reasonable Discretion of Tax Representative. The taking of any action and the incurring of any expense by the Tax Representative in connection with any such proceeding, except to the extent requires by law, is a matter in the reasonable discretion of the Tax Representative,

(b) Election Out of Consolidated Audit Rules. If the Company qualifies to elect, pursuant to Section 6221(b) (or any successor provision) to have Subchapter C of Chapter 63 not apply to any federal income tax audits and other proceedings, the Tax Representative will cause the Company to make this election.

© Tax Representative Will Furnish Notices to Each Member. The Tax Representative will furnish to each Member a copy of all notices or other written communications received by the Tax Representative from (or sent by the Tax Representative to) the Internal Revenue Service or any other taxing authority (except for notices or communications that are sent directly to the Members).

(d) Prompt Notice to Members of Partnership Adjustment; Actions As Directed by the Designated Individual. A “Partnership Adjustment” (as defined in Section 5241(2)) may be determined with respect to the Company. In the event, the Tax Representative

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promptly will notify the Members upon the receipt of a notice of the final Partnership Adjustment.
The Tax Representative will take such actions as directed by the Designated Individual. These actions may include filing a petition in Tax Court, causing the Company to pay the amount of any "imputed underpayment" (as determined in accordance with Section 6225) with respect to this Partnership Adjustment (and any interest accrued thereon or penalties imposed with respect thereto), or making the election under Section 6226.

(e) Procedure If Company Does Not Make Section 6226 Election. A Partnership Adjustment may be finally determined with respect to the Company, and the Tax Representative may not have caused the Company to make the election under Section 6226. Then (i) Members Will Take Requested Actions. The Members will take the actions requested by the Tax Representative, including filing amended tax returns and paying any tax due in accordance with Section 6225(c)(2);

(ii) Member Cooperation to Reduce Imputed Underpayment. The Members will cooperate with the Tax Representative's efforts to reduce any imputed underpayment with respect to this Partnership Adjustment; (iii) Member Provision of Requested Information. The Members promptly will provide any information reasonably requested by the Tax Representative in connection with this efforts; and

(iv) Apportionment of Imputed Underpayment. Any imputed underpayment (or Partnership Adjustment that does not give rise to an imputed underpayment) will be apportioned among the Members of the Company for the Fiscal Year in which this Partnership Adjustment is finalized in this manner as may be required (as determined by the Tax Representative) so that, to the maximum extent possible, the tax and economic consequences of the Partnership Adjustment and any associated interest and penalties are borne by the Members (including between former and current Members) based upon their interests in the Company for the "Reviewed Year" (as defined in Section 6225(d)(1)).

(f) Survival of Member Obligations under this Provision. The obligations of each Member under this Section 9.4.2 will survive the Transfer of this Member's Company Interest (and will be binding on this Member's successor-in-interest), the redemption of this Member's Company Interest, the termination of this Agreement and any dissolution of the Company. Member Indemnification of Company from his Share of Imputed Underpayment. Accordingly, each member agrees to protect, indemnify, and hold harmless the Company and the other Members from and against any liability with respect to this Member's portion of any imputed underpayment, and any related interest or penalties, arising from any Reviewed Year in which this Member was a Member of the Company, whether or not this Member remains a Member of the Company in

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the adjustment year.

(g) Intention to Comply with Bipartisan Budget Act of 2015. This Section 9.4.2 is intended to comply with the Sections enacted pursuant to Section 1101 of Bipartisan Budget Act of 2015, and any Treasury Regulations promulgated under those Sections, and will be interpreted consistently therewith.

ARTICLE 10
INDEMNIFICATION

Section 10.1 Definitions. In this Article:

(a) **"Indemnitee"** means (i) any present or former Manager, advisory Manager or officer of the Company, (ii) any person who while serving in any of the capacities referred to in clause (i) hereof served at the Company's request as a director, officer, partner, manager, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (iii) any person nominated or designated by (or pursuant to authority granted by) the Managers or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof.

(b) **"Official Capacity"** means (i) when used with respect to a Manager, the office of Manager of the Company, and (ii) when used with respect to a person other than a Manager, the elective or appointive office of the Company held by such person or the employment of agency relationship undertaken by such person on behalf of the Company, but in each case does not include service for any other foreign or domestic limited liability company, corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

(c)**"Proceeding"** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

Section 10.2 Indemnification. The Company shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named defendant or respondent, or in which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the

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capacities referred to in Section 10.1, if it is determined in accordance with Section 10.4 that the Indemnitee (a) conducted himself in good faith, (b) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Company's best interests and, in all other cases, that his conduct was at least not opposed to the Company's best interests, and © in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful; provided, however, that in the event that an Indemnitee is found liable to the Company or is found liable on the basis that personal benefit was improperly received by the Indemnitee the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the Proceeding and (ii) shall not be made in respect of any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Company. Except as provided in the immediately preceding proviso to the first sentence of this Section 10.2, no indemnification shall be made under this Section 10.2 in respect of any Proceeding in which such Indemnitee shall have been (x) found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (y) found liable to the Company. The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (a), (b) or © in the first sentence of this Section 10.2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees and disbursements of attorneys for the Indemnitee. The indemnification provided herein shall be applicable whether or not negligence or gross negligence of the Indemnitee is alleged or proven.

Section 10.3 Successful Defense. Without limitation of Section 10.2 and in addition to the indemnification provided for in Section 10.2, the Company shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in Section 10.1, if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

Section 10.4 Determinations. Any indemnification under Section 10.2 (unless ordered by a court of competent jurisdiction) shall be made by the Company only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (a) by the Managers by a majority vote of a quorum consisting of Managers who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Managers, duly designated to act in the matter by a majority vote of all Managers (in which designation Managers who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more

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Managers who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; © by special legal counsel selected by the Managers or a committee thereof by vote as set forth in clauses (a) or (b) of this Section 10.4 or, if the requisite quorum of all of the Managers cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the Managers (in which Managers who are named defendants or respondents in the Proceeding may participate); or (d) by the Members in a vote that excludes the Membership Interests held by Managers that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause © of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 10.4 that the Indemnitee has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

Section 10.5 Advancement of Expenses. Reasonable expenses (including court costs and attorneys' fees) incurred by an Indemnitee who was or is a witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Company at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 10.4, after receipt by the Company of (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company under this Article and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized in this Article. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article, the Company may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

Section 10.6 Employee Benefit Plans. For purposes of this Article, the Company shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Company also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Company.

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Section 10.7 Other Indemnification and Insurance. The indemnification provided by this Article shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Company's Certificate, any law, agreement or vote of Members or disinterested Managers, or otherwise, or under any policy or policies of insurance purchased and maintained by the Company on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity; (b) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity; © inure to the benefit of the heirs, executors and administrators of such a person; and (d) not be required if and to the extent that the person otherwise entitled to payment of such amounts hereunder has actually received payment therefor under any insurance policy, contract or otherwise.

Section 10.8 Notice. Any indemnification of or advance of expenses to an Indemnitee in accordance with this Article shall be reported in writing to the Members of the Company with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

Section 10.9 Construction. The indemnification provided by this Article shall be subject to all valid and applicable laws, and, in the event this Article or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

Section 10.10 Continuing Offer, Reliance, etc. The provisions of this Article 10 (a) are for the benefit of, and may be enforced by, each Indemnitee of the Company, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Company and such Indemnitee and (b) constitute a continuing offer to all present and future Indemnitees. The Company, by its adoption of this Company Agreement, (x) acknowledges and agrees that each Indemnitee of the Company has relied upon and will continue to rely upon the provisions of this Article in becoming, and serving in any of the capacities referred to in Section 10.1(a) of this Article, (y) waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and (z) acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article in accordance with their terms by any act or failure to act on the part of the Company.

Section 10.11 Effect of Amendment. No amendment, modification or repeal of this Article or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Company, nor the obligation of the Company to indemnify any such Indemnitees, under and in accordance with the provisions of the Article as in effect immediately prior to such amendment, modification or repeal with respect to

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claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE 11
GENERAL PROVISIONS

Section 11.1 Addresses and Notices. Any notice, offer, consent, demand, request or other communication required or permitted to be given or made to a Member or Assignee under this Company Agreement shall be made in writing and shall be deemed given or made when delivered in person or when sent by first-class United States mail or by overnight courier service, facsimile or other means of written communication to the Members at the address or facsimile number set forth on Exhibit A or to such other address or number as any Member or Assignee may hereafter designate by written notice.

Section 11.2 Titles and Captions. All article or section titles or captions in this Company Agreement are for convenience only. They shall not be deemed part of this Company Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof.

Section 11.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Company Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 11.4 Governing Law; Successors; and Severability. This Company Agreement shall be governed by and construed in accordance with the laws of the State of Texas and, subject to the restrictions on transferability set forth in this Company Agreement, shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of any Member. The rights and liabilities of the Members under this Company Agreement shall be as provided by Texas law.

Section 11.5 Entire Agreement; Amendment. This Company Agreement constitutes the sole operating agreement of the Company and constitutes the entire agreement among the parties. This Company Agreement supersedes any prior agreements or understandings, oral or written, between the parties with respect to the limited liability company formed herein, all of which are hereby canceled. This Company Agreement may not be modified or amended except by an instrument in writing executed by the Members.

ARTICLE 12
SUBJECT TO ALL LAWS

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Section 12.1 Subject to All Laws. The provisions of this Company Agreement shall be subject to all valid and applicable laws, including, without limitation, the BOC, as now or hereafter amended, and in the event that any of the provisions of this Company Agreement are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Company Agreement shall be deemed modified accordingly, and, as so modified, to continue in full force and effect.

IN WITNESS WHEREOF, the Manager and Members have executed this Company Agreement effective for all purposes as of the ___ day of __________.

MANAGER:

____

MEMBERS:

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EXHIBIT A

Capital Contributions; Interests

Member	Address	Capital Contribution	Units	Percentage Interest

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