

UNSECURED NOTE

Date: September 7, 2006

Maker: McKinney Park East Homeowners' Association, Inc.

Maker's Mailing Address (including county): c/o Alliance Association Management, Inc.
3355 Bee Caves Road
Suite 510
Austin, Travis County, Texas 78746

Payee: KB Home Lonestar, L.P., a Texas limited partnership

Place for Payment (including county): 11911 Burnet Road
Austin, Travis County, Texas 78731

Principal Amount: \$4,204.00

Annual Interest Rate on Unpaid Principal from Date: None (0%) if paid on demand; otherwise six percent (6%) on unpaid principal from date.

Annual Interest Rate on Matured, Unpaid Amounts: Six percent (6%)

Terms of Payment (principal and interest): One payment of both principal and interest on demand.

Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment date.

If Maker defaults in the payment of this note, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Payee may declare the unpaid principal balance and earned interest on this note immediately due. Maker and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

If this note is given to an attorney for collection, or if suit is brought for collection, or if it is collected through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection, including reasonable attorney's fees and court costs, in addition to other amounts due. Reasonable attorney's fees shall be 10% of all amounts due unless either party pleads otherwise.

Interest on the debt evidenced by this note shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

Each Maker is responsible for all obligations represented by this note.

When the context requires, singular nouns and pronouns include the plural.

McKinney Park East Homeowners' Association, Inc.,
a Texas non-profit corporation

By: 
John Zinsmeyer, President

PREPARED IN THE LAW OFFICE OF:

Glenn K. Weichert, P.C.
3821 Juniper Trace, Suite 106
Austin, Texas 78738

**RESOLUTION OF THE BOARD OF DIRECTORS
MCKINNEY PARK EAST HOMEOWNERS ASSOCIATION, INC.**

WHEREAS, a duly called meeting of the Board of Directors of the McKinney Park East Homeowners Association, Inc., (the "Association") was held the 7th day of September 2006; and

WHEREAS, a quorum of the Members of the Board attended said meeting; and

WHEREAS, pursuant to a Motion duly made and seconded, the following resolution was adopted by the Board:

RESOLUTION

RESOLVED, that it is in the best interest of the Association and its members for the Association to receive a loan in the amount of \$4,204.00 from KB Home Lonestar, L.P., a Texas limited partnership ("KB"), in order for said sum to be used by the Association for authorized purposes for the benefit of its members, to wit, the payment of legal fees and related costs billed by Glenn K. Weichert, P.C. in connection with the enforcement of provisions of the governing documents of the Association, including collection of past due assessments, fees and costs owed to the Association; and


RESOLVED, that a special bank account (the "Legal Expense Account") shall be established and maintained at the Association's bank of choice, that all loan monies received from KB shall be deposited in said account, and that the Association's manager is hereby authorized to use and expend such monies only for the specific purposes provided for above; and

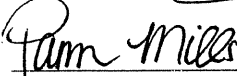
RESOLVED, that it is the intent of the Association that the Legal Expense Account shall be self-sustaining and, accordingly, when monies are collected from a particular Owner/Defendant as the result of the expenditure of funds from the Legal Expense Account, the Association shall first deposit into the Legal Expense Account from the monies collected a sum equivalent to the monies previously paid to Glenn K. Weichert, P.C. in connection with the Owners Account for the purpose of repaying monies advanced by KB Home Lonestar. When such payment has been made, the remaining monies collected from the Owner shall be deposited in the Association's general account for the use and benefit of the Association and its' members; and

RESOLVED, that the Association shall execute a Promissory Note payable by the Association to KB Home Lonestar, L.P., a Texas limited partnership in order to provide for the repayment of the sum loaned to the Association to fund the Legal Expense Account; and


RESOLVED, that the Association authorizes the President of the Association to execute a Promissory Note in the form attached hereto and incorporated herein on behalf of the Association in order to provide for repayment of sums advanced to the Association upon the terms and conditions set out in the attached Promissory Note.

IN WITNESS WHEREOF, this resolution is adopted and effective September 7, 2006.



Director


Director



Director

**RESOLUTION OF THE BOARD OF DIRECTORS
MCKINNEY PARK EAST HOMEOWNERS ASSOCIATION, INC.**

WHEREAS, a duly called meeting of the Board of Directors of the McKinney Park East Homeowners Association, Inc., (the "Association") was held the 17th day of August 2006; and

WHEREAS, a quorum of the Members of the Board attended said meeting; and

WHEREAS, pursuant to a Motion duly made and seconded, the following resolution was adopted by the Board:

RESOLUTION

RESOLVED, that it is in the best interest of the Association and its members for the Association to receive a loan in the amount of \$3,145.76 from KB Home Lonestar, L.P., a Texas limited partnership ("KB"), in order for said sum to be used by the Association for authorized purposes for the benefit of its members, to wit, the payment of legal fees and related costs billed by Glenn K. Weichert, P.C. in connection with the enforcement of provisions of the governing documents of the Association, including collection of past due assessments, fees and costs owed to the Association; and

RESOLVED, that a special bank account (the "Legal Expense Account") shall be established and maintained at the Association's bank of choice, that all loan monies received from KB shall be deposited in said account, and that the Association's manager is hereby authorized to use and expend such monies only for the specific purposes provided for above; and

RESOLVED, that it is the intent of the Association that the Legal Expense Account shall be self-sustaining and, accordingly, when monies are collected from a particular Owner/Defendant as the result of the expenditure of funds from the Legal Expense Account, the Association shall first deposit into the Legal Expense Account from the monies collected a sum equivalent to the monies previously paid to Glenn K. Weichert, P.C. in connection with the Owners Account for the purpose of repaying monies advanced by KB Home Lonestar. When such payment has been made, the remaining monies collected from the Owner shall be deposited in the Association's general account for the use and benefit of the Association and its' members; and

RESOLVED, that the Association shall execute a Promissory Note payable by the Association to KB Home Lonestar, L.P., a Texas limited partnership in order to provide for the repayment of the sum loaned to the Association to fund the Legal Expense Account; and

RESOLVED, that the Association authorizes the President of the Association to execute a Promissory Note in the form attached hereto and incorporated herein on behalf of the Association in order to provide for repayment of sums advanced to the Association upon the terms and conditions set out in the attached Promissory Note.

IN WITNESS WHEREOF, this resolution is adopted and effective August 17, 2006.

Director

Pam Mills

Director

Km Sold

Director

UNSECURED NOTE

Date: August 17, 2006

Maker: McKinney Park East Homeowners' Association, Inc.

Maker's Mailing Address (including county): c/o Alliance Association Management, Inc.
3355 Bee Caves Road
Suite 510
Austin, Travis County, Texas 78746

Payee: KB Home Lonestar, L.P., a Texas limited partnership

Place for Payment (including county): 11911 Burnet Road
Austin, Travis County, Texas 78731

Principal Amount: \$3,145.76

Annual Interest Rate on Unpaid Principal from Date: None (0%) if paid on demand; otherwise six percent (6%) on unpaid principal from date.

Annual Interest Rate on Matured, Unpaid Amounts: Six percent (6%)

Terms of Payment (principal and interest): One payment of both principal and interest on demand.

Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment date.

If Maker defaults in the payment of this note, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Payee may declare the unpaid principal balance and earned interest on this note immediately due. Maker and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

If this note is given to an attorney for collection, or if suit is brought for collection, or if it is collected through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection, including reasonable attorney's fees and court costs, in addition to other amounts due. Reasonable attorney's fees shall be 10% of all amounts due unless either party pleads otherwise.

Interest on the debt evidenced by this note shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

Each Maker is responsible for all obligations represented by this note.

When the context requires, singular nouns and pronouns include the plural.

McKinney Park East Homeowners' Association, Inc.,
a Texas non-profit corporation

By:


John Zinsmeyer, President

PREPARED IN THE LAW OFFICE OF:

Glenn K. Weichert, P.C.
3821 Juniper Trace, Suite 106
Austin, Texas 78738

**UNANIMOUS WRITTEN CONSENT OF DIRECTORS
IN LIEU OF MEETING
MCKINNEY PARK EAST (AUSTIN) HOMEOWNERS' ASSOCIATION, INC.**

Article 1396-9.10 of the Texas Non-Profit Corporation Act provides that unless otherwise restricted by the Articles of Incorporation or Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting of the Board of Directors if a consent, in writing, setting forth the action so taken is signed by all members of the Board of Directors. Accordingly, pursuant to such statutory authority, the undersigned, being all of the Members of the Board of Directors of the McKinney Park East (Austin) Homeowners' Association, Inc. (the "Association"), hereby consent to the adoption of the following resolutions by consent of all Members of the Board of Directors as of effective date of this unanimous consent:

AUTHORIZATION

RESOLVED, the Law Offices Of Glenn K. Weichert, P.C. is authorized to act as attorney for the Association and the President is authorized to sign the Letter Agreement for Legal Services attached hereto on behalf of the Association.

RESOLVED, the Association authorizes the Law Offices Of Glenn K. Weichert, P.C. to send demand letters in pursuing collection of late assessments upon written referral by the Association Manager or the Association Board of Directors

RESOLVED, the Association authorizes Glenn K. Weichert, as attorney for the Association, to fully execute Notices of Delinquent Assessment Liens and Releases of Liens to be filed by the Association in the Official Records of Travis County, Texas at the written request of the Association Manager or the Association Board of Directors.

IN WITNESS WHEREOF, this Unanimous Written Consent of Directors in Lieu of Meeting of the Board of Directors is executed to be effective as of February 1, 2004 and shall continue in effect until revoked by Resolution of the Board of Directors.


Dated: 4/15/04


_____, Director

Dated: 4/15/04


_____, Director

Dated: 4/15/04


_____, Director

Dated: _____

_____, Director

Dated: _____

_____, Director



**RESOLUTIONS OF THE BOARD OF DIRECTORS
ADOPTING RULES FOR THE MCKINNEY PARK EAST (AUSTIN)
HOMEOWNERS' ASSOCIATION, INC.**

I, John H. Zinsmeyer, President of McKinney Park East (Austin) Homeowners' Association, Inc., a not for profit corporation duly organized and existing under the laws of the State of Texas, (the "Association") do hereby certify the records and minutes of the proceedings of the Board of Directors of said Corporation, and that on the 29th day of April, 2004 there was duly and legally held a meeting of said Board of Directors at which a quorum of the Directors was present and acting throughout, and at said meeting the following resolutions were unanimously adopted:

All restrictions of the declaration and bylaws are by reference incorporated into the rules. In addition to the declaration and bylaws, the Board adopts the following rules:

- 1) Nonassessment items first. All monies received from an owner may be applied first to nonassessment obligations of the Owner, such as fines, late charges, returned check charges, attorneys fees, user fees, damages, etc., regardless of notations on checks and transmittal letters."
- 2) Standard Violation Process:
 - 1st Violation - Warning
 - 2nd Violation for same offense - Notice of Intent to Fine with Option of 30-day Hearing
 - 3rd Violation for same offense with Fine - \$50.00 plus administrative costs
 - 4th Violation for same offense with Fine - \$100.00 plus administrative costs
 - Continuous Violations for same offense thereafter - \$100.00 plus administrative costs
- 3) The Board reserves the right to alter the standard violation process (including the right to reduce or increase the fines) if, in its sole discretion, alternate action is warranted.

Approved this 29th day of April, 2004.

MCKINNEY PARK EAST (AUSTIN) HOMEOWNERS'
ASSOCIATION, INC.

By: [Signature]

John H. Zinsmeyer

Title: President

4/29/04
Date

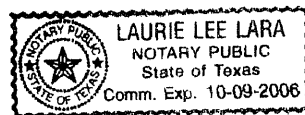
ACKNOWLEDGEMENT

THE STATE OF TEXAS
COUNTY OF Williamson

This instrument was acknowledged before me on 4/29/04
by John H. Zinsmeyer, in the capacity stated above.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 29th day of
April, 2004.

[Signature]
Notary Public



Return:

Alliance Assoc. Mgmt. - Kath. Johnson
3355 Bee Caves #510
Austin, TX 78746

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

2004 Jun 23 01:42 PM

GONZALES \$14.00

DANA DEBEAUVOIR COUNTY CLERK
TRAVIS COUNTY TEXAS

RESOLUTION OF THE BOARD OF DIRECTORS

MCKINNEY PARK EAST (AUSTIN)

HOMEOWNERS' ASSOCIATION, INC.

WHEREAS, a duly called meeting of the Board of Directors of the McKinney Park East (Austin) Homeowners' Association, Inc., (the "Association") was held the 3rd day of February 2005; and

WHEREAS, a quorum of the Members of the Board attended said meeting; and

WHEREAS, pursuant to a Motion duly made and seconded, the following resolution was adopted by the Board:

RESOLUTION

RESOLVED, that it is in the best interest of the Association and its members for the Association to receive a loan in the amount of \$1,097.00 from KB Home Lonestar, L.P., a Texas limited partnership, in order for said sum to be used for authorized purposes by the Association for the benefit of its members; and


RESOLVED, that the Association shall execute a Promissory Note payable by the Association to KB Home Lonestar, L.P., a Texas limited partnership in order to provide for the repayment of the sum loaned to the Association; and

RESOLVED, that the Association authorizes the President of the Association to execute a Promissory Note in the form attached hereto and incorporated herein on behalf of the Association in order to provide for repayment of sums advanced to the Association upon the terms and conditions set out in the attached Promissory Note.

IN WITNESS WHEREOF, this resolution is adopted and effective February 3, 2005.



Director



Director

UNSECURED NOTE

Date: February 3, 2005

Maker: McKinney Park East (Austin) Homeowners' Association, Inc.

Maker's Mailing Address (including county): c/o Alliance Association Management, Inc.
3355 Bee Caves Road
Suite 510
Austin, Travis County, Texas 78746

Payee: KB Home Lonestar, L.P., a Texas limited partnership

Place for Payment (including county): 11911 Burnet Road ⁵⁸
Austin, Travis County, Texas 78731

Principal Amount: \$1097.00

Annual Interest Rate on Unpaid Principal from Date: None (0%) if paid on demand;
otherwise six percent (6%) on unpaid principal from date.

Annual Interest Rate on Matured, Unpaid Amounts: Six percent (6%)

Terms of Payment (principal and interest): One payment of both principal and interest
on demand.

Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment date.

If Maker defaults in the payment of this note, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Payee may declare the unpaid principal balance and earned interest on this note immediately due. Maker and each surety, endorser, and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

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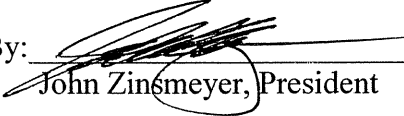
Interest on the debt evidenced by this note shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

Each Maker is responsible for all obligations represented by this note.

When the context requires, singular nouns and pronouns include the plural.

MCKINNEY PARK EAST (AUSTIN) HOMEOWNERS'
ASSOCIATION, INC., a Texas non-profit corporation

By: _____


John Zinsmeyer, President

PREPARED IN THE LAW OFFICE OF:

Glenn K. Weichert, P.C.
3821 Juniper Trace, Suite 106
Austin, Texas 78738