

PROMISSORY NOTE

[property description/address]

DATE: [date]

BORROWER: Hawthorne Interests, LLC, a Texas limited liability company

BORROWER’S MAILING ADDRESS:

Hawthorne Interests, LLC, a Texas limited liability company
P.O. Box 667243
Houston, Texas 77266

LENDER: Hawthorne Income Fund, LLC, a Texas limited liability company

PLACE FOR PAYMENT:

P.O. Box 667243, Houston, TX 77266 or any other place designated by Lender
in writing

PRINCIPAL AMOUNT:

[written amount (\$)]

ANNUAL INTEREST RATE:

[written interest (%)]

MATURITY DATE: [date]

ANNUAL INTEREST RATE ON MATURED, UNPAID AMOUNTS:

The lesser of eighteen percent (18%) or the maximum lawful rate of interest per annum.

TERMS OF PAYMENT (PRINCIPAL AND INTEREST):

The Principal Amount and interest are due and payable in equal monthly installments of [written amount (\$)], beginning one month from the date hereof and continuing regularly and monthly on the same day of each month thereafter until the expiration of [number of months (#)] months from the date of this note, when the entire amount of principal and all legally accrued, unpaid interest will be payable in full. Payments will be applied first to legally accrued interest and the remainder to reduction of the Principal Amount.

SECURITY FOR PAYMENT:

This note is secured by a security interest created in a Collateral Transfer of Note and Lien dated of even date herewith, executed by Hawthorne Interests, LLC, a Texas limited liability company, by its Manager, Douglas Lee Smith in favor of Lender as the secured party, that covers a Collateral Note in the amount of [\$], executed by [Buyer name(s)], and payable to the order of Hawthorne Land, LLC dated [date].

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All

unpaid amounts are due by the Maturity Date. If any amount is not paid either when due under the Terms of Payment or on acceleration of maturity, Borrower promises to pay any unpaid amounts plus interest from the date the payment was due to the date of payment at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Notwithstanding any other provision of this note, in the event of a default, before exercising any of Lender's remedies under this note or any deed of trust or security agreement securing it, Lender will first give Borrower written notice of default and Borrower will have ten days after notice is given in which to cure the default. If the default is not cured ten days after notice, Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay court costs and other costs and attorney's fees assessed by a court if this note is placed in the hands of an attorney to collect or enforce the note. Borrower will pay Lender these expenses on demand at the Place for Payment. These expenses will become part of the debt evidenced by the note and will be secured by any security for payment.

PREPAYMENT:

Borrower may prepay this note in any amount at any time before the Maturity Date without penalty or premium.

APPLICATION OF PREPAYMENT:

Prepayments will be applied to installments on the last maturing principal, and interest on that prepaid principal will immediately cease to accrue.

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

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

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

If any installment becomes overdue for more than fifteen days, at Lender's option a late payment charge of \$50.00 may be charged in order to defray the expense of handling the delinquent payment.

Without limitation, a default exists under this note if (1) (a) Borrower or (b) any other person liable on any part of this note or who grants a lien or security interest on property as security for any part of this note (an "Other Obligated Party") fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower or any Other Obligated Party; (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower or any Other Obligated Party is materially false when made; (3) a receiver is appointed for Borrower, any Other Obligated Party, or any property on which a lien or security interest is created as security (the "Collateral Security") for

any part of this note; (4) any Collateral Security is assigned for the benefit of creditors; (5) a bankruptcy or insolvency proceeding is commenced by Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; (6) (a) a bankruptcy or insolvency proceeding is commenced against Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party and (b) the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered; (7) any of the following parties is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of any of the following parties: Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; or (8) any Collateral Security is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction, unless it is promptly replaced with collateral security of like kind and quality or restored to its former condition.

If any provision of this note conflicts with any provision of a loan agreement, deed of trust, or security agreement of the same transaction between Lender and Borrower, the provisions of the deed of trust will govern to the extent of the conflict.

This note will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction.

Hawthorne Interests, LLC, a Texas limited liability company

By: _____
Douglas Lee Smith, Manager