

COASTAL SECURITIES, INC.

Good Delivery Requirements USDA / RBS Government Guaranteed Loans sold through the Assignment Method Rural Business – Cooperative Service (“Business & Industry Loans”)

****NOTE: Loan must be properly closed and fully disbursed prior to settlement date in the secondary market.**

Documents to be included in all Transaction Packages:

A. Assignment Guarantee Agreement (Form RBS - 4279-6)

This form can be obtained at your USDA Agency office.

1. This form must be the original published document. Copies will not be accepted.
2. All signatures on Page 3 must be original signatures. Facsimile signatures are unacceptable.
3. Whiteouts, markouts and cross-throughs are not permitted except where necessary to bring agency form into compliance with year 2000 date requirements.
4. Please type the USDA Loan Identification Number exactly as it appears on the Loan Note Guarantee (Form RBS - 4279-5).
5. The original signatures of the Lender and Holder must be attested by an authorized officer and the Corporate Seal affixed over the respective signature, if available.

B. The Note (As defined in the applicable agency regulations)

This form must be a copy. Any modifications to the original note must accompany the note. Agency approval is required for any change dated after the date of the Note.

C. Loan Note Guarantee (Form RBS - 4279-5)

1. This form is provided by the Agency after the loan is guaranteed.
2. This form must be a copy executed by the USDA.

D. Prepayment Pass-Through Letter

If a prepayment penalty clause is incorporated in the note and sold into the secondary market, the originating lender must issue a Prepayment Pass-Through letter. The letter should state the lender's intent to pass through to the holder a pro-rata share of any prepayment penalty collected from the borrower. One (1) original letter should be included for each transaction.

E. If seller is not the originating lender, three (3) Transfer Documents must be properly executed, assigning the loan from the seller to the purchaser. If loan is already in the Secondary Market, include all Transfer Documents representing the chain of ownership from original holder to the current purchaser.

- The Transfer Document must have no whiteouts, mark-outs, cross throughs or any other methods of correction.
- All signatures must be original.

Please submit the executed documents to the following address:

Coastal Securities
5555 San Felipe, Suite 2200
Houston, Texas 77056

Should you have any questions regarding the above information, please do not hesitate to contact any Coastal cashier at 1-800-489-3232.

Updated/Reviewed: 6/1/2009

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

ASSIGNMENT GUARANTEE AGREEMENT
(Business and Industry and Section 9006 Program)

Type of Loan Business & Industry USDA Loan Identification Number 51-001-*****1000
7 C.F.R. part 4279, subparts A and B
7 C.F.R. part 4287, subpart B
7 C.F.R. part 4280, subpart B
USDA Bank & Trust of 123 Main Street, Any city, TX 77000

(Lender) has made a loan to Excel Energy LLC

in the principal amount of \$ 10,000,000.00 as evidenced by a note dated September 29, 2010.
The United States of America, acting through the U.S. Department of Agriculture (USDA) entered into a Loan Note Guarantee (Form 4279-5) with the Lender applicable to such loan to guarantee the loan not to exceed 90 % of the amount of the principal advanced and any interest due thereon as provided therein.

Coastal Securities of Houston, TX

(Holder) desires to purchase from Lender 100 % of the guaranteed portion of such loan. Copies of Borrower's note and the Loan Note Guarantee are attached hereto as a part hereof.

NOW, THEREFORE, THE PARTIES AGREE:

1. The principal amount of the loan now outstanding is \$ 10,000,000.00. Lender hereby assigns to Holder 100 % of the guaranteed portion of the loan representing \$ 9,000,000.00 of such loan now outstanding in accordance with all of the terms and conditions hereinafter set forth. The Lender and USDA certify to the Holder that the Lender has paid and USDA has received the guarantee fee in exchange for the issuance of the Loan Note Guarantee.

2. **Loan Servicing.** The Lender will be responsible for servicing the entire loan and will remain mortgagee and secured party of record. The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan.

The Lender will receive all payments on account of principal of, or interest on, the entire loan and shall promptly remit to the Holder its pro rata share thereof determined according to their respective interests in the loan, less only the Lender's servicing fee.

3. **Servicing Fee.** Holder agrees that Lender will retain a servicing fee of 0.5000 percent per annum of the unpaid balance of the guaranteed portion of the loan assigned hereunder.

4. **Purchase by Holder.** The Holder will hereby succeed to all rights of the Lender under the Loan Note Guarantee to the extent of the assigned portion of the loan. The Lender, however, will remain bound by all obligations under the Loan Note Guarantee and the program regulations found in 7 C.F.R. parts 4279 and 4287 and for the Section 9006 Program, 7 C.F.R. part 4280, now in effect and future USDA program regulations not in conflict with the provisions hereof.

5. **Full Faith and Credit.** The Loan Note Guarantee constitutes an obligation supported by the full faith and credit of the United States and is incontestable except for fraud or misrepresentation of which the Holder has actual knowledge at the time of this assignment, or which it participates in or condones. The guarantee will be unenforceable to the extent that any loss is occasioned by a provision for interest on interest.

6. **Rights and Liabilities.** The guarantee and right to require purchase will be directly enforceable by Holder notwithstanding any fraud or misrepresentations by Lender or any unenforceability of the Loan Note Guarantee by Lender. Nothing contained herein shall constitute any waiver by USDA of any rights it possesses against the Lender, and the Lender agrees that Lender will be liable and will promptly reimburse USDA for any payment made by USDA to Holder which, if such Lender had held the guaranteed portion of the loan, USDA would not be required to make. The Holder upon written notice to the Lender and USDA may resell the unpaid balance of the guaranteed portion of the loan assigned hereunder.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0017. The time required to complete this information is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

7. Repurchase by the Lender (Defaults). The Lender has the option to repurchase the unpaid guaranteed portion of the loan from the Holder within 30 days of written demand by the Holder when: (a) the Borrower is in default not less than 60 days on principal or interest due on the loan or (b) the Lender has failed to remit to the Holder its pro rata share of any payment made by the Borrower or any loan subsidy within 30 days of its receipt thereof. The repurchase by the Lender will be for an amount equal to the unpaid guaranteed portion of principal and accrued interest, less the Lender's servicing fee. The loan note guarantee will not cover the note interest to the Holder on the guaranteed loan accruing after 90 days from the date of the demand letter to the lender requesting the repurchase. Holder will concurrently send a copy of demand to USDA. The Lender will accept an assignment without recourse from the Holder upon repurchase. The Lender is encouraged to repurchase the loan to facilitate the accounting for funds, resolve the problem, and to permit the borrower to cure the default, where reasonable. The Lender will notify the Holder and USDA of its decision.

8. Purchase by USDA. If Lender does not repurchase as provided by paragraph 7, USDA will purchase from Holder the unpaid principal balance of the guaranteed portion together with accrued interest to date of repurchase, less Lender's servicing fee, within 30 days after written demand to USDA from the Holder. The Loan Note Guarantee will not cover the note interest to the Holder on the guaranteed loans accruing after 90 days from the date of the original demand letter of the Holder to the lender requesting the repurchase. Such demand will include a copy of the written demand made upon the Lender. The Holder or its duly authorized agent will also include evidence of its right to require payment from USDA. Such evidence will consist of either the original of the Loan Note Guarantee properly endorsed to USDA or the original of the Assignment Guarantee Agreement properly assigned to USDA without recourse including all rights, title, and interest in the loan. USDA will be subrogated to all rights of Holder. The Holder will include in its demand the amount due including unpaid principal, unpaid interest to date of demand and interest subsequently accruing from date of demand to proposed payment date. Unless otherwise agreed to by USDA, such proposed payment will not be later than 30 days from the date of demand.

USDA will promptly notify the Lender of its receipt of the Holder's demand for payment. The Lender will promptly provide USDA with the information necessary for USDA's determination of the appropriate amount due the Holder. Any discrepancy between the amount claimed by Holder and the information submitted by the Lender must be resolved before payment will be approved. USDA will notify both parties who must resolve the conflict before payment will be approved. Such a conflict will suspend the running of the 30 day payment requirement. Upon receipt of the appropriate information, USDA will review the demand and remit the appropriate check to Holder.

9. Lender's Obligations. Lender consents to the purchase by USDA and agrees to furnish on request by USDA a current statement certified by an appropriate authorized officer of the Lender of the unpaid principal and interest then owed by Borrower on the loan and the amount then owed to any Holder. Lender agrees that any purchase by USDA does not change, alter or modify any of the Lender's obligations to USDA arising from said loan or guarantee nor does it waive any of USDA's right against Lender, and that USDA shall have the right to set-off against Lender all rights inuring to USDA as the Holder of this instrument against USDA obligation to Lender under the Loan Note Guarantee.

10. Repurchase by Lender for Servicing. If, in the opinion of the Lender, repurchase of the assigned portion of the loan is necessary to adequately service the loan, the Holder will sell the assigned portion of the loan to the Lender for an amount equal to the unpaid principal and interest on such portion less Lender's servicing fee. The loan note guarantee will not cover the note interest to the Holder on the guaranteed loans accruing after 90 days from the date of the demand letter of the lender or USDA to the Holder requesting the Holder to tender their guaranteed portion.

- a. The Lender will not repurchase from the Holder for arbitrage purpose or other purposes to further its own financial gain.
- b. Any repurchase will only be made after the Lender obtains USDA written approval.
- c. If the Lender does not repurchase the portion from the Holder, USDA at its option may purchase such guaranteed portions for servicing purposes.

11. Foreclosure. The Lender is responsible for determining who the necessary parties are to any foreclosure action or who should be named on a deed of conveyance taken in lieu of foreclosure. When the conveyance is received and the property is liquidated, the net proceeds will be applied to the guaranteed loan debt. If USDA has repurchased the guaranteed portion of the loan from the Holder, the Lender must obtain USDA's concurrence to any foreclosure action to be taken by the Lender; however, USDA will not be considered to be a necessary party to the action or otherwise required to join in.

12. Reassignment. Holder upon written notice to Lender and USDA may reassign the unpaid guaranteed portion of the loan sold hereunder. Upon such notification, the assignee will succeed to all rights and obligations of the Holder hereunder.

13. Notices. All notices and actions will be initiated through the USDA Rural Development _____
for Texas _____ (state) with mailing address
at the date of this assignment: 101 South Main Street, Temple, TX 76501

Dated this 7th day October, 20 10.

LENDER: USDA Bank & Trust

123 Main Street
Any city, TX 77000

ADDRESS:

ATTEST:

Original Signature Required (SEAL)
Alice Jones, Loan Officer

By Original Signature Required
Title Jeffrey Johnson, Vice President

HOLDER: Coastal Securities

5555 San Felipe, Suite 2200

ADDRESS: Houston, TX 77056

ATTEST:

Original Signature Required (SEAL)
Trisha Patel, Cashier

By Original Signature Required
Title Linda Rich, Head Cashier

UNITED STATES OF AMERICA
Department of Agriculture

ADDRESS: 101 South Main Street
Temple, TX 76501

By Original Signature Required
Title Daniel Torres, Program Director

Promissory Note

Note No. 100

\$10,000,000.00

September 29, 2010

FOR VALUE RECEIVED, **Excel Energy LLC**, (hereinafter referred to as "Maker"), hereby unconditionally promises to pay to the order of **USDA Bank & Trust** ("Payee") at 123 Main St., Any city, Texas 77000, or at such other address given to Maker by Payee, the principal sum of **TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00)**, in lawful money of the United States of America, together with interest per annum (calculated on the basis of a 360-day year) on the unpaid principal balance from day -to- day remaining, computed from the date of advance until maturity at the rate equal to the lesser of (a) the Maximum Rate (as hereinafter defined) or (b) Prime Rate (as hereafter defined) plus two and one quarter percent (P +2.25%)*. The interest rate as of the date hereof is 5.50%. Principal and interest under this note (the "Note") are due and payable as follows:

Initial monthly payment of principal and interest shall be due and payable in the amount of Sixty-Eight Thousand Nine Hundred Forty Seven and 00/100 Dollars (\$68,947.00), with the first such installment due on the 1st day of November, 2010. Monthly payments shall continue to be due and payable on the same day of each calendar month thereafter until October 1st, 2030 (the "Maturity Date"), when all unpaid principal and unpaid interest shall be due and payable in full. Monthly payments shall be increased or decreased based on the changes in interest rate to ensure that the entire loan balance is paid in full on the final Maturity Date.

*The interest rate will adjust on the first day of each calendar quarter (the "Adjustment Date") to a rate equal to TWO AND ONE QUARTER PERCENT (2.25%) per annum (on the basis of actual days elapsed over a 360-day year) above the minimum prime lending rate charged by the large U.S. money center commercial banks as published from time to time in the Money Rates Section of the Wall Street Journal ("Prime Rate"), each change in the rate charged hereunder to become effective without notice to the undersigned as of the Adjustment Date, but in no event shall the rate charged hereunder exceed the Maximum Rate (as hereafter defined). The undersigned understand and acknowledge that Payee may from time to time make various loans at rates of interest having no relationship to the Prime Rate, and that the Prime Rate may not be the lowest interest rate charged for loans by Payee. In the event the Wall Street Journal discontinues publishing a "Prime Rate", the Prime Rate shall be the nearest comparable published rate, as determined by the holder of this Note.

The term "Maximum Rate," as used herein, shall mean, with respect to each holder hereof, the maximum nonusurious interest rate, if any, that at any time, or from time to time, may under applicable law be contracted for, taken, reserved, charged or received on the indebtedness evidenced by this Note under the laws which are presently in effect of the United States and the State of Texas applicable to

such holder and such indebtedness or, to the extent allowed by law under such applicable laws of the United States of America and the State of Texas which may hereafter be in effect, which allow a higher maximum non-usurious interest rate than applicable laws now allow; provided, that in determining the Maximum Rate, due regard shall be given, to the extent required by applicable law, to any and all relevant payments, fees, charges, deposits, balances, agreements and calculations which may constitute or be deemed to constitute interest, or be deducted from principal to calculate the interest rate or otherwise affect interest rate determinations, so that in no event shall the Payee contract for, charge, receive, take, collect, reserve or apply, on the Note, any amount in excess of the maximum non-usurious rate of interest permitted by applicable law. To the extent that Texas law determines the Maximum Rate, the Maximum Rate shall be determined by utilizing the "indicated rate ceiling" from time to time in effect pursuant to the Texas Finance Code (V.T.C.A. Finance Code Section 303.001 et seq.) (the "Texas Finance Code") or such successor statute, as then in effect, governing usury. The Maximum Rate shall not be limited to the applicable rate ceiling in the Texas Finance Code or such successor statute if Federal laws or other state laws now or hereafter in effect and applicable to the Note (and the interest contracted for, charged and collected hereunder) shall permit a higher rate of interest.

Maker and Payee intend to comply with the applicable law governing the Maximum Rate. Interest contracted for, charged, or received shall not exceed the Maximum Rate, and, if in any contingency whatsoever, Payee shall receive anything of value deemed interest under applicable law which would cause the interest contracted for, charged, or received by the holder thereof to exceed the maximum amount of interest permissible under applicable law, the excessive interest shall be applied to the reduction of the unpaid principal balance hereof such excess shall be refunded to Maker, and the provisions of this Note and any demand on Maker shall be immediately be deemed reformed and the amounts thereafter collectible hereunder shall be reduced, without the necessity of the execution on any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, shall be amortized, prorated, allocated, and spread throughout the full term of such indebtedness until paid in full (including the period of any renewal or extension hereof) so that the rate or amount of interest on account of such indebtedness does not exceed the Maximum Rate.

Maker agrees to pay a late charge of five percent (5%) of the payment amount if such payment is not received within ten (10) days of the due date. Payments, when made, shall be applied in a manner and order according to the sole discretion of the holder of this Note.

All past-due principal and, to the extent permitted by applicable law, past-due interest upon this Note shall bear interest at the Maximum Rate.

Remittances in payment of any part of this Note other than in the required amount in immediately available funds at the place where this Note is payable shall not, regardless of any receipt or credit issued therefore, constitute payment until the required amount is actually received by Payee in

full accordance herewith and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Payee of any payment in an amount less than the full amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be a Default (hereinafter defined).

This Note is secured in part by a Deed of Trust (with Security Agreement and Assignment of Rents), which together with all other documents evidencing, securing or pertaining to the transaction in which the indebtedness evidenced hereby is incurred are collectively referred to as the "Loan Documents".

Maker and each surety, endorser, guarantor, and other party ever liable for payment of any sums of money payable on this Note, jointly and severally waive presentment, protest, notice of protest and nonpayment, notice of default and notice of acceleration and intention to accelerate, and agree that their liability under this Note shall not be affected by any renewal or extension in the time of payment hereof, or in any indulgences, or by any release or change in any security for the payment of this Note, and hereby consent to any and all renewals, extensions, indulgences, releases or changes.

If this Note or any Loan Documents are given by Payee to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection and enforcement, including reasonable attorney's fees and court costs, in addition to other amounts due.

No waiver by Payee of any of its rights or remedies under this Note or any Loan Documents, shall be considered a waiver of any other right or remedy of Payee; no delay or omission in the exercise or enforcement by Payee of any rights or remedies shall ever be construed as a waiver of any right or remedy of Payee; and no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Payee.

Maker agrees that in the event any portion of this Note is prepaid in whole or in part prior to the Maturity Date, so as to constitute a "Prepayment", consideration will be tendered with the prepayment to the Payee ("Prepayment Consideration") based upon the following schedule:

- 1) If the prepayment occurs on or before the first anniversary date of the loan, the prepayment penalty will equal five percent (5%) of the principal amount prepaid.
- 2) If the prepayment occurs after the first anniversary date, but on or before the second anniversary date, the prepayment penalty will equal four percent (4%) of the principal amount prepaid.

3) If the prepayment occurs after the second anniversary date, but on or before the third anniversary date, the prepayment penalty will equal three percent (3%) of the principal amount prepaid.

4) If the prepayment occurs after the third anniversary date, but on or before the fourth anniversary date, the prepayment penalty will equal two percent (2%) of the principal amount prepaid.

5) If the prepayment occurs after the fourth anniversary date, but on or before the fifth anniversary date, the prepayment penalty will equal one percent (1%) of the principal amount prepaid.

Prepayment penalty shall not apply if the prepayment occurs after the fifth anniversary date.

Maker acknowledges that the Prepayment Consideration is consideration to Payee for the privilege of prepaying the indebtedness evidenced by this Note prior to maturity, and Maker recognizes that Payee would incur substantial additional costs and expenses in the event of a prepayment of the indebtedness evidenced by this Note and that the Prepayment Consideration compensates Payee for such costs and expenses (including without limitation, the loss of Payee's investment opportunity during the period from the date of prepayment until the Maturity Date).

"Default" shall mean any one or more of the following: (i) the failure by Maker to pay any installment of principal or interest under this Note when due, (ii) the failure by Maker to pay all sums owed to Payee under this Note and every Loan Document on or before the Maturity Date, or (iii) the occurrence of any Event of Default under the Loan Documents.

Upon the occurrence of a Default, payee may, at its option, without notice or demand, declare the unpaid principal balance of, and the accrued but unpaid interest on this Promissory Note immediately due and payable and exercise and pursue any and all other rights remedies as provided herein or in any of the Loan Documents.

Upon the occurrence of a Default, Payee is hereby authorized at any time from time to time, without notice to Maker (any such notice being expressly waived by each such Maker), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held, and other indebtedness at any time owing, by the Payee to or for the credit or the account of Maker, against any and all obligations of such Maker now or hereafter existing under this Note, irrespective of whether or not Payee shall have made demand under this Note and although such obligations may be contingent and unmatured. The rights of the Payee under this section are in addition to all other rights and remedies (including, without limitation, other rights of offset) which Payee may have hereunder or under any applicable law.

All obligations, covenants, and terms of payment are expressly performable solely in Harris County, Texas. The substantive laws of the State of Texas shall govern the validity, construction, enforcement and interpretation of this Note. In the event of a dispute involving this Note or any of the Loan Documents, the undersigned irrevocably agrees that venue for such dispute shall lie in any court of competent jurisdiction in Harris County, Texas.

Maker:

Excel Energy, LLC

By: Excel Energy, LLC

By: Signature Required (copy)

John Smith, President

Form RD 4279-5
(Rev. 07-05)

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

7 CFR Part 4279
7 CFR Part 4280

**LOAN NOTE GUARANTEE
(Business and Industry and Section 9006 Program)**

State TEXAS	County HARRIS	Date of Note 09-29-2010
Borrower EXCEL ENERGY, LLC		USDA Loan Identification Number 51-001-*****1000
Lender USDA BANK & TRUST		Lender's IRS Tax ID Number 792000001
Lender's Address 123 MAIN STREET, ANY CITY, TEXAS 77000		Principal Amount of Loan \$ 10,000,000.00

The guaranteed portion of the loan is \$ 9,000,000.00 which is NINETY (90 %)

percent of loan principal. The principal amount of loan is evidenced by One (1) notes (includes bonds as appropriate) described below. The guaranteed portion of each note is indicated below. This instrument is attached to note

100 in the face amount of \$ 10,000,000.00 and is number One (1) of One (1)

<i>Lender's</i> <u>Identifying Number</u>	<u>Face Amount</u>	<i>Percent of Total</i> <u>Face Amount</u>	<u>Amount Guaranteed</u>
100	\$ 10,000,000.00	100.00 %	\$ 9,000,000.00

TOTAL \$ 10,000,000.00 100% \$ 9,000,000.00

In consideration of the making of the subject loan by the above named Lender, the United States of America, acting through the United States Department of Agriculture ("USDA"), pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*), does hereby agree that in accordance with and subject to the conditions and requirements herein, it will pay to:

- A. Any Holder 100 percent of any loss sustained by such Holder on the guaranteed portion and on interest due on such portion.
- B. The Lender the lesser of paragraph 1 or 2 below:
 - 1. Any loss sustained by such Lender on the guaranteed portion including:
 - a. Principal and interest indebtedness as evidenced by said notes or by assumption agreements, and
 - b. Principal and interest indebtedness on secured protective advances for protection and preservation of collateral made with USDA's authorization, including but not limited to, advances for taxes, annual assessments, any ground rents, and hazard or flood insurance premiums affecting the collateral, or
 - 2. The guaranteed principal advanced to or assumed by the Borrower under said notes or assumption agreements and any interest due thereon.

If USDA conducts the liquidation of the loan, loss occasioned to a Lender by accruing interest after the date USDA accepts responsibility for liquidation will not be covered by this Loan Note Guarantee. If Lender conducts the liquidation of the loan, accruing interest shall be covered by this Loan Note Guarantee to 30 days after liquidation of collateral when the lender conducts the liquidation expeditiously in accordance with the liquidation plan approved by USDA.

Definition of Holder.

The Holder is the person or organization ("investor") other than the Lender who owns all or part of the guaranteed portion of the loan with no servicing responsibilities. Holders are prohibited from obtaining any parts of the guaranteed portion of the loan with proceeds from any obligation, the interest on which is excludable from income, under section 103 of the Internal Revenue Code of 1954, as amended (IRC). When the single note option is used and the Lender assigns a part of the guaranteed loan to an assignee, the assignee becomes a Holder only when USDA receives notice and the transaction is completed through use of Form 4279-6, "Assignment Guarantee Agreement."

The USDA will promptly notify the Lender of its receipt of the Holder's demand for payment. The Lender will promptly provide the USDA with the information necessary for USDA determination of the appropriate amount due the Holder. Any discrepancy between the amount claimed by the Holder and the information submitted by the Lender must be resolved before payment will be approved. USDA will notify both parties who must resolve the conflict before payment by USDA will be approved. Such conflict will suspend the running of the 30 day payment requirement. Upon receipt of the appropriate information, USDA will review the demand for verification. After receiving the demand, USDA will review the demand and remit the appropriate payment to the Holder.

9. Lender's Obligations.

Lender consents to the purchase by USDA and agrees to furnish on request by USDA a current statement certified by an appropriate authorized officer of the Lender of the unpaid principal and interest then owed by Borrowers on the loan and the amount then owed to any Holder. Lender agrees that any purchase by USDA does not change, alter or modify any of the Lender's obligations to USDA arising from said loan or guarantee nor does it waive any of USDA's rights against Lender, and that USDA will have the right to set-off against Lender all rights inuring to USDA as the Holder of this instrument against USDA's obligation to Lender under the Loan Note Guarantee.

10. Repurchase by Lender for Servicing.

If, in the opinion of the Lender, repurchase of the guaranteed portion of the loan is necessary to adequately service the loan, the Holder will sell the portion of the loan to the Lender for an amount equal to the unpaid principal and interest on such portion less Lender's servicing fee. The Loan Note Guarantee will not cover the note interest to the Holder on the guaranteed loan accruing after 90 days from the date of the demand letter of the Lender or USDA to the Holder requesting the Holder to tender its guaranteed portion.

- a. The Lender will not repurchase from the Holder for arbitrage purposes or other purposes to further its own financial gain.
- b. Any repurchase will only be made after the Lender obtains USDA written approval.
- c. If the Lender does not repurchase the portion from the Holder, USDA at its option may purchase such guaranteed portions for servicing purposes.

11. Custody of Unguaranteed Portion.

The Lender may retain, or sell the unguaranteed portion of the loan only through participation. Participation, as used in this instrument, means the sale of an interest in the loan wherein the Lender retains the note, collateral securing the note, and all responsibility for loan servicing and liquidation.

12. When Guarantee Terminates.

This Loan Note Guarantee will terminate automatically (a) upon full payment of the guaranteed loan; or (b) upon full payment of any loss obligation hereunder; or (c) upon written notice from the Lender to USDA that the guarantee will terminate 30 days after the date of notice, provided the Lender holds all of the guaranteed portion and the Loan Note Guarantee is returned to be cancelled by USDA.

13. Settlement.

The amount due under this instrument will be determined and paid as provided in the applicable USDA regulations in effect on the date of settlement unless such regulations are in direct conflict with this agreement.

14. Notices.

All notices will be initiated through the USDA USDA Rural Development

for Texas (State) with mailing address at the day of this instrument:

101 South Main Street
Temple, TX 76501

UNITED STATES OF AMERICA
Department of Agriculture

By: Signature Required (copy)

Title: Daniel Torres, Program Director

10-01-2010
(Date)

Assumption Agreement by _____ Dated _____

Assumption Agreement by _____ Dated _____

USDA Bank & Trust
123 Main Street
Any city, TX 77000

October 7, 2010

Mr. John Cioccia
Senior Vice President
Coastal Securities
5555 San Felipe, Suite 2200
Houston, TX 77056

Subject: USDA Loan Name: Excel Energy LLC
USDA Loan Number: 51-001-*****1000
Note Principal Amount: \$10,000,000.00

Dear Mr. Cioccia:

Please accept this correspondence as a formal agreement acknowledging that USDA Bank & Trust ("Lender") agrees to pass through all prepayment penalties collected from Excel Energy, LLC to the Holder(s) of the guaranteed portion of the loan. Immediately upon collection by the Lender, the prepayment penalties shall be remitted to each Holder on a "pro-rata basis" according to the percentage of the USDA guarantee owned by each Holder.

Sincerely,
USDA Bank & Trust

Original Signature Required

Jeffrey Johnson
Vice President

Transfer Document for USDA Government-Guaranteed Loans
Sold Through the Assignment Method

Assignee Name: **INVESTOR'S BANK**
Address: **10 Avenue of the Americas**
New York, NY 10000

USDA Loan Name: **Excel Energy, LLC**
USDA Loan Number: **51-001-*****1000**
Accrued Interest Begins: **10/15/2010**
Net Interest Rate: **P+ 1.7500**

For value received, Coastal Securities hereby assigns to ASSIGNEE without recourse all of its right, title and interest in and to the Guaranteed portion of the above-referenced UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) Loan.

This assignment, or sale, is made under and subject to the terms and conditions of the assignment of Guarantee and Loan Guarantee as indicated below:

Assignment of Guarantee/ Assignment Guarantee Agreement		Loan Guarantee/ Loan Note Guarantee	
FSA-2242		FSA-2235	
RBS-4279-6	<u> X </u>	RBS-4279-5	<u> X </u>
RD-449-36	<u> </u>	RD-449-34	<u> </u>

Enclosed are the following supporting loan documents:

- (1) A copy of the Borrower's Note
- (2) A copy of the Loan Guarantee
- (3) The original Assignment of Guarantee

On **October 15, 2010** , the effective date of the reassignment of this loan to ASSIGNEE, the balance of the Guaranteed Portion of this loan was **\$9,000,000.00** .

Coastal Securities agrees that it shall have no further right to retain payments on the guaranteed portion of this loan and agrees to forward to ASSIGNEE any such payments received by it subsequent to date hereof. The effective date of transfer and assignment of the Guaranteed Portion described above is hereby declared to be the date hereof.

Subsequent to the transfer, the ASSIGNEE shall provide an original executed Transfer Document to the originating Lender and to the appropriate office of the USDA. One (1) original executed Transfer Document must be retained with the original loan documentation package.

Should it become necessary for you to communicate with the USDA, please send all correspondence to the following address:

USDA Rural Development
101 South Main Street
Temple, TX 76501

Transfer Document for USDA Government-Guaranteed Loans
Sold Through the Assignment Method

The Servicing Lender, at the following address, will provide servicing of the loan:

USDA Bank & Trust
123 Main Street, Any city, TX 77000 - Attn: Jeffrey Johnson

As provided in the Assignment of Guarantee, a servicing fee in the amount therein set forth will be retained by the originating lender.

As provided in the note, a prepayment penalty, defined as:

5,4,3,2,1 from note date. Partial prepayments are subject to penalty. will be collectable by the lender.

In the event of collection and retention of that prepayment penalty by the Lender, a distribution will be passed on to the Holder of Record as follows:

5,4,3,2,1 from note date. Partial prepayments are subject to penalty.

Upon receipt of the executed Transfer Document by the Lender, remittance of principal and interest will be forwarded directly to you.

If we can be of further service, please do not hesitate to contact us.

Sincerely,

COASTAL SECURITIES

By:

Original Signature Required
Linda Rich, Head Cashier

(Holder-Assignee)

INVESTOR'S BANK hereby acknowledges that it has read the enclosed documentation, and fully accepts and assumes each right, obligation and commitment of the Holder of guaranteed portion of the above-described loan under said documents. The ASSIGNEE further acknowledges that the guarantee of USDA relates to the unpaid principal balance and interest owed by the borrower, and that any premium paid by the ASSIGNEE is not covered by USDA's guarantee and is subject to loss in the event of prepayment or default.

Holder: David Jones

Tax I.D. No.: 00-0000000

By: Original Signature Required

Title: Executive Vice President

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6/15/2011