

SECOND AMENDMENT

TO

LIMITED PARTNERSHIP AGREEMENT

This Second Amendment to Limited Partnership Agreement (the "Second Amendment") is entered into this ____ day of May, 2003 by and between Jefferson Advisors GP, L.L.C., a Texas limited liability company ("Jefferson"), and the individuals and entities listed as Limited Partners on the signatory page hereto (individually a "Limited Partner" and collectively, the "Limited Partners").

WITNESSETH:

WHEREAS, a Certificate of Limited Partnership related to the Partnership (as defined below) was filed with the Secretary of State of the State of Texas on September 26, 2001 and an Amended and Restated Certificate of Limited Partnership was filed with the Secretary of State of the State of Texas on March 28, 2003;

WHEREAS, certain individuals and entities including the Limited Partners are parties to that certain Agreement of Limited Partnership dated July 21, 2000 related to **#1 Superior Mortgage Lending, LP**, a Texas limited partnership (the "Partnership");

WHEREAS, such Agreement of Limited Partnership was amended pursuant to that certain First Amendment to Limited Partnership Agreement dated January 28, 2002 (such Agreement of Limited Partnership and such First Amendment to Limited Partnership Agreement are collectively referred to herein as the "Partnership Agreement");

WHEREAS, Jefferson is the sole general partner of the Partnership;

WHEREAS, the Partnership Agreement provides pursuant to Article XII thereof that it may be modified or amended by the written consent of the General Partner and the holders of a majority of the LP Interests (as defined therein);

WHEREAS, Jefferson and the Limited Partners desire to amend and modify certain provisions of the Partnership Agreement to permit the Partnership to engage in certain businesses related to its properties.

NOW, THEREFORE, in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Capitalized terms used in this Second Amendment are defined in the Partnership Agreement, as amended hereby, unless otherwise stated herein.

ARTICLE II
AMENDMENTS TO PARTNERSHIP AGREEMENT

Effective as of the date hereof, the Partnership Agreement is hereby amended as follows:

2.1 **Amendments of Definitions.** Section 1.1 of the Partnership Agreement is amended by amending and restating and/or adding the following defined terms:

“Affiliate” shall mean with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“Business of the Partnership” shall mean the business of acquiring, owning, developing, mortgaging, pledging, operating, selling, leasing, transferring and assigning the Real Property.”

“Development Loan(s)” shall mean one or more loans obtained by the Partnership to be used for the development of the Real Property and which may include the mortgage or pledge of the Real Property.

“First Continental” shall mean First Continental Investment Co., Ltd.

“First Mortgage” shall mean any mortgage lien in favor of First Continental or its successors or assigns.

“Junior Debt” shall mean debt incurred or to be incurred by the Partnership in favor of Robert E. Ogle, Trustee of the Premiere Holdings of Texas, LP Liquidating Trust in an amount not to exceed \$220,000.00.

“Real Property” shall mean the approximately 145 acres located in Montgomery County, Texas described on Exhibit “B” attached to this Agreement of which a portion of said property includes the Mortgaged Property.”

2.2 **Amendment of the Business of the Partnership.** Article III of the Partnership Agreement is deleted in its entirety and replaced with the following:

“The Business of the Partnership shall be to engage in the acquisition, ownership, development, mortgage, pledge, operating, sale, lease, transfer or assignment of the Real Property. In connection therewith, the Partnership shall have the power and authority to carry out any and all activities related thereto

which are not prohibited by the Act including, without limitation, obtaining and entering into Development Loans. The record, legal and equitable title to the Partnership Property shall be owned by the Partnership and the Partners' respective interests in the Partnership is personal property. The Partnership shall only incur indebtedness in amounts necessary for the Business of the Partnership. For so long as the First Mortgage exists on any portion of the Real Property, the Partnership: (a) shall not incur, assume, or guaranty any other indebtedness other than (i) the Junior Debt, (ii) indebtedness incurred in the ordinary course of operating, developing and selling the Real Property and (iii) any other indebtedness incurred with the prior written consent of the holder of the First Mortgage, provided however that all liens and security interests securing such Junior Debt and other indebtedness shall at all times be subordinate to the First Mortgage, (b) shall not, without the approval of the holders of at least a majority of the outstanding LP Interests, dissolve or liquidate, or consolidate or merge with or into any other entity, or convey or transfer its properties and assets substantially as an entirety, (c) shall not, without the approval of the holders of at least a majority of the outstanding LP Interests, voluntarily commence a case with respect to itself, as debtor, under the Federal Bankruptcy Code or any similar federal or state statute without the unanimous consent of all of the partners of the Partnership, and (d) no material amendment to this Agreement may be made without first obtaining approval of the holder of the First Mortgage.

2.3 Deletion of Paragraph Regarding Distribution of Promissory Note. Section 11.6 of the Partnership Agreement is deleted in its entirety.

2.4 Addition of Paragraph Regarding Separate Partnership Status. Article XI of the Partnership Agreement is amended by adding a new Section 11.6 to read in its entirety as follows:

“11.6 Partnership Status. For so long as the Real Property is pledged as collateral for any Development Loan, in addition to the other provisions set forth in this Agreement, the Partnership shall conduct its affairs in accordance with the following provisions:

(a) the Partnership shall maintain partnership records and books of account separate from those of any Affiliate;

(b) the Partnership shall not commingle assets with those of any Affiliate;

(d) the Partnership shall conduct its own business in its own name;

(e) the Partnership shall maintain financial statements separate from any Affiliate;

(f) the Partnership shall pay any liabilities out of its own funds, including salaries of any employees, and not funds of any Affiliate;

(g) the Partnership shall maintain an arm's length relationship with any Affiliate;

(h) the Partnership shall not guarantee or become obligated for the debts of any other Person, including any Affiliate, or hold out its credit as being available to satisfy the obligations of other Persons;

(i) the Partnership shall not pledge its assets for the benefit of any other Person, including any Affiliate; and

(k) the Partnership shall hold itself out as an entity separate from any Affiliate.”

2.5 **Amendment and Restatement of Paragraph Regarding Amendment of Partnership Agreement.** Subparagraph (d) of Section 12.3 of the Partnership Agreement is amended and restated to read in its entirety as follows:

“(d) Notwithstanding any other provision of this Agreement, no amendment shall become effective without the approval of the holders of at least a majority of the outstanding LP Interests, unless the Partnership obtains an opinion of counsel to the effect that such amendment will not adversely affect the limited liability of any Limited Partner under applicable law.”

2.6 **No Early Termination or Dissolution.** Notwithstanding anything in the Partnership Agreement to the contrary (including, without limitation, Article X thereof), as long as the Partnership remains owner of any portion of the Real Property subject to the First Mortgage, the Partnership shall not terminate or dissolve solely as a consequence of the bankruptcy or insolvency of the General Partner, but a successor General Partner shall be elected. Subject to applicable law, dissolution of the Partnership shall not occur so long as the Partnership remains owner of any portion of the Real Property subject to the First Mortgage.

2.7 **Addition of Exhibit “B” to the Partnership Agreement.** Schedule 2.6 to this Second Amendment shall be added to the Partnership Agreement as Exhibit “B” which shall be incorporated into the Partnership Agreement for all purposes.

ARTICLE III **MISCELLANEOUS**

3.1 **Ratification.** The terms and provisions set forth in this Second Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Partnership Agreement and, except as expressly modified and superseded by this Second Amendment, the terms and provisions of the Partnership Agreement are ratified and confirmed and shall continue in full force and effect.

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3.2 **Counterparts.** This Second Amendment may be executed in any number of counterparts and all of such counterparts shall be deemed an original and for all purposes constitute one agreement binding on the parties hereto, notwithstanding that all parties are not signatory to the same counterpart.

3.3 **Governing Law.** This Second Amendment shall be governed by all provisions of the Partnership Agreement, unless the context otherwise requires, including all provisions concerning construction, enforcement, governing law and arbitration.

3.4 **Effective Date.** The provisions of this Second Amendment shall become effective upon the execution and delivery hereof by the General Partner and the holders of a majority of the LP Interests.

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IN WITNESS WHEREOF, the Partners have executed this Second Amendment to be effective as of the date first above written.

GENERAL PARTNER:

JEFFERSON ADVISORS GP, L.L.C.,

a Texas limited liability company

By _____

Name: Forrest Jenkins

Title: Manager

LIMITED PARTNERS:

Name:

Name:

Name:

Name:

Name:

Name:

Schedule 2.6

EXHIBIT "B"

[legal description of Real Property]