

SIDE LETTER AGREEMENT

December 10, 1997

LUFKIN SE, L.P.
c/o Shelby Estus Realty Group, Inc.
1800 Bering, Suite 495
Houston, Texas 77057
Attention: Mr. Bruce Shelby
("Borrower")

RE: Deed of Trust, Assignment of Leases and Rents and Security Agreement (the "Deed of Trust") dated effective as of December 10, 1997 by Borrower in favor of New York Life Insurance Company ("Lender")

Gentlemen:

Reference is hereby made to the Deed of Trust. In accordance with your request, this letter is to advise you that subject to the conditions set forth herein Lender agrees that Borrower may transfer or sell all (but not less than all) of the Secured Property (as defined in the Deed of Trust) one time, and one time only, subject to the prior written consent of Lender, which consent will not be unreasonably withheld, provided that (i) at the time of conveyance, a fee equal to one and one-half percent (1.5%) of the then outstanding principal balance of the indebtedness secured by the Deed of Trust is paid to Lender should the transfer occur during the "Closed Period" (as defined below), (ii) the proposed purchaser of the Secured Party executes an assumption agreement satisfactory to Lender and (iii) the proposed purchaser is acceptable to Lender based upon the proposed purchaser's financial condition and real estate management experience which must be equal to or better than that of Borrower on the Closing Date; provided, however, that if such transfer occurs after the Closed Period, a fee equal to one percent (1.0%) of the then outstanding principal balance of the indebtedness secured by the Deed of Trust must be paid to Lender. As used herein, the term "Closed Period" shall mean the first six (6) loan years. It is understood and agreed that the seventh (7th) loan year shall commence on January 10, 2004. Any transfer or sale shall be subject to documentation in a manner acceptable to Lender.

Furthermore, subject to the conditions set forth herein, Lender agrees not to require the making of monthly deposits for accrual of an account for real estate taxes and/or insurance premiums provided (i) Borrower shall pay such real estate taxes as they become due and before they become delinquent and further provided that Borrower shall pay all insurance premiums at least ten (10) days before the expiration date of the policy or policies then in effect and promptly exhibit to Lender official receipts evidencing the payment of such real estate taxes and receipts for payment of premiums due on all renewal policies and (ii) Eckerd's Corporation remains obligated under the terms of its lease of the property covered and affected by the Deed of Trust to pay all real estate taxes

and hazard insurance premiums. At all times after Lender shall revoke the permission hereby granted, said monthly deposits for real estate taxes and insurance premiums shall be made in strict accordance with the provisions of the Deed of Trust.

In addition, Lender agrees, subject to the conditions set forth herein, that:

- (i) the requirements set forth in Section 1.6 of the Deed of Trust which provide for financial statements and audits to be prepared and certified by an independent certified public accountant can be satisfied by submission of a copy of the tax return of the Borrower and the preparation and certification by Borrower's general partner of unaudited annual income and expense statements;
- (ii) the provisions of the Deed of Trust regarding casualties and casualty proceeds and condemnation and condemnation proceeds shall be subject to the provisions of that certain Lease (the "Eckerd Lease") between Borrower, as Lessor and Eckerd Corporation, as Lessee, dated April 8, 1997 with respect to the Eckerd's Store located at SEC US Hwy 59 & Lufkin Ave., in the City of Lufkin, Texas, insofar as such provisions require the applicable improvements to be rebuilt (in which event insurance or condemnation proceeds, as the case may be, shall be made available for the payment of costs relating to such rebuilding);
- (iii) the provisions of the Deed of Trust regarding permitted use of the Secured Property shall be subject to the provisions of the Eckerd Lease so long as the applicable use complies with applicable laws;
- (iv) the provisions of the Deed of Trust regarding alterations to the Secured Property shall be subject to the provisions of the Eckerd Lease regarding permitted alterations.

Upon noncompliance by Borrower with any applicable requirements set forth in this letter, Lender may in its discretion revoke the permissions granted in this letter.

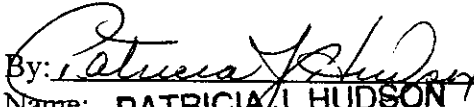
The waivers and consents herein contained shall continue in effect (1) only so long as no Event of Default has occurred under the Deed of Trust or any instrument or obligation secured thereby and (2) only until the Secured Property has been conveyed or alienated by Borrower, it being acknowledged by Borrower that these consents and waivers are "personal" to Borrower. The waivers and consents granted herein extend only to the matters set forth and under the conditions and limitations herein stated, and such waivers and consents are not intended to affect the rights of the Lender to exercise any power or right it may have under the Deed of Trust or any other document,

agreement or instrument related thereto with respect to any of the other provisions contained therein. Please acknowledge your receipt and agreement to the foregoing by signing a copy hereof in the space provided and returning the same to the undersigned.

This letter shall constitute a "Loan Instrument" under the Note (as defined in the Deed of Trust) and Lender agrees to provide a copy of this letter to any subsequent purchaser of the debt secured by the Deed of Trust.

Very truly yours,

NEW YORK LIFE INSURANCE COMPANY

By:  VLD
Name: PATRICIA J. HUDSON
Title: Real Estate Vice President

Receipt and Agreement hereby
acknowledged as of the ____ day
of December, 1997

LUFKIN SE, L.P.,
a Texas limited partnership

By: Its Sole General Partner,
Shelby Estus Realty Group, Inc.,
a Texas corporation

By: Bruce Shelby
Bruce Shelby,
Chief Executive Officer