
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **October 24, 2018**

MOODY NATIONAL REIT II, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or other jurisdiction
of incorporation)

000-55778

(Commission File Number)

47-1436295

(I.R.S. Employer
Identification No.)

**6363 Woodway Drive, Suite 110
Houston, Texas 77057**

(Address of principal executive offices, including zip code)

(212) 753-5100

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

As previously disclosed, on September 27, 2017, Moody National Operating Partnership II, LP (the “Operating Partnership”), Moody National REIT II, Inc. (the “Company”), and certain of its subsidiaries, as guarantors, and KeyBank National Association, as agent and lender (“KeyBank,” and together with any other lender institutions that may become parties thereto, “Lenders”), entered into a term loan agreement (amended by that certain First Master Amendment to Loan Documents dated September 27, 2018, the “Term Loan Agreement”). Pursuant to the Term Loan Agreement, Lenders made a term loan to the Operating Partnership in the principal amount of \$70.0 million (the “Term Loan”).

On October 24, 2018, the Operating Partnership, the Company, certain of the Company’s subsidiaries as guarantors, and KeyBank, entered into a second master amendment to the Term Loan Agreement and certain other loan documents entered into in connection with the Term Loan Agreement (“Second Amendment”).

The Second Amendment extended the maturity date of the Term Loan under the Loan Agreement to September 27, 2019 in exchange for a \$290,000 extension commitment fee paid pursuant to a letter agreement among Agent, the Company and the Operating Partnership (“Letter Agreement”). The Company and Operating Partnership will have no further right to extend the maturity date under the Loan Agreement, as amended by the Second Amendment. Pursuant to the Second Amendment, the outstanding principal balance of the Term Loan was reduced to \$26.5 million. The Second Amendment also included certain modifications to other loan terms and covenants of the Company and Operating Partnership in the Loan Agreement, including but not limited to (i) a release of the pledges of certain ownership interests in certain subsidiaries of the Operating Partnership, (ii) a reduction of the margins over the base rate and the LIBOR rate for interest rate calculations to 2.75% and 3.75%, respectively, and (iii) consent to the \$16.0 million loan made from Green Bank, N.A. (“Green Bank”) to the Operating Partnership and REIT concurrently with the Second Amendment.

The foregoing descriptions of the terms of the Second Amendment and the Letter Agreement are subject to, and qualified in their entirety by, the terms of the Second Amendment and the Letter Agreement, copies of which are filed herewith as Exhibit 10.1 and 10.2, respectively, and are incorporated by reference herein.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On October 24, 2018, the Operating Partnership and the Company issued a Promissory Note (the “Note”) in favor of Green Bank, in the original principal amount of \$16,000,000. The maturity date of the Note is April 24, 2019 and the Note bears interest at an annual rate equal to the one-month London Interbank Offered Rate (LIBOR) plus 2.5%. The Company and Operating Partnership are collectively required to make a monthly payment on the outstanding principal and interest of the Note equal to the greater of \$1,500,000 and 50% of the Company’s consolidated net cash flow. The Note may be prepaid at any time in whole or in part without penalty. Upon the maturity date, all outstanding principal and interest will be due. Interest on past due amounts will be charged at 12%. Green Bank may declare the Note immediately due and payable upon the occurrence of an event of default as defined in the Loan Agreement entered into in connection with the Note (the “Loan Agreement”).

The Loan Agreement contains customary representations and warranties from the Operating Partnership and Company, including covenants to (i) maintain adjusted net operating income plus equity raised in the Company’s ongoing public offering, after deducting for selling expenses, at least equal to 1.2 times the debt service charges (not including the balloon payment due upon maturity of the Note); (ii) maintain consolidated leverage, including debt of their subsidiaries, in an amount not to exceed 70% of the consolidated assets of the Operating Partnership, Company and their subsidiaries; (iii) not to incur additional indebtedness without the consent of Green Bank; and (iv) not to make distributions in excess of the rate of 7.56% per annum and not to change their distribution strategy or repurchase or redeem their equity without the prior written approval of Green Bank (other than redemptions upon death or disability consistent with past practices).

In connection with the Note, the Operating Partnership and Company also entered into a Security Agreement, pursuant to which they granted a security interest to Green Bank, to secure their obligations under the Note and Loan Agreement, in all gross offering proceeds of equity issuances by the Company less reasonable offering costs.

The foregoing descriptions of the terms of the Note, the Loan Agreement and the Security Agreement are subject to, and qualified in their entirety by, the terms of the Note, the Loan Agreement and the Security Agreement, copies of which are filed herewith as Exhibit 10.3, 10.4 and 10.5, respectively, and are incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Second Master Amendment to Loan Documents, dated as of October 24, 2018, by and among Moody National Operating Partnership II, LP, Moody National REIT II, Inc. and KeyBank National Association
10.2	Letter Agreement, dated as of October 24, 2018, by and among Moody National Operating Partnership II, LP, Moody National REIT II, Inc. and KeyBank National Association
10.3	Promissory Note, dated as of October 24, 2018, by Moody National Operating Partnership II, LP and Moody National REIT II, Inc. as makers, in favor of Green Bank, N.A. as payee
10.4	Loan Agreement, dated as of October 24, 2018, by and among Moody National Operating Partnership II, LP, Moody National REIT II, Inc. and Green Bank, N.A.
10.5	Security Agreement, dated as of October 24, 2018, by and among Moody National Operating Partnership II, LP, Moody National REIT II, Inc. and Green Bank, N.A.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 30, 2018

MOODY NATIONAL REIT II, INC.

By: /s/ Brett C. Moody

Brett C. Moody

Chief Executive Officer and President

SECOND MASTER AMENDMENT TO LOAN DOCUMENTS

This Second Master Amendment to Loan Documents is made as of this 24th day of October, 2018, by and among **MOODY NATIONAL OPERATING PARTNERSHIP II, LP**, a Delaware limited partnership (“Borrower”), **MOODY NATIONAL REIT II, INC.**, a Maryland corporation (“REIT”), and various Subsidiaries of the Borrower as guarantors (individually, each a “Guarantor” and collectively, the “Guarantors”), **KEYBANK NATIONAL ASSOCIATION**, a national banking association as a Lender, and **KEYBANK NATIONAL ASSOCIATION**, a national banking association, as Agent for the Lenders (the “Agent”).

WITNESSETH:

WHEREAS, the Agent, the Lenders and the Borrower have entered into a certain loan agreement, which loan arrangement is evidenced by that certain Term Loan Agreement dated as of September 27, 2017, as same has been amended by, among other documents, that certain First Master Amendment to Loan Documents dated September 27, 2018 (as same has been amended or modified from time to time, the “Loan Agreement”; capitalized terms defined in the Loan Agreement shall have the same meanings herein) by and among, the Borrower, the REIT, various subsidiaries of the Borrower as Guarantors, the Agent and the Lenders; and

WHEREAS, the Borrower, the Guarantors, the Agent and the Lenders have agreed to amend and modify the terms and conditions of the Loan Agreement and the other Loan Documents as set forth herein.

NOW, THEREFORE, in consideration of the recitals herein and the mutual covenants and agreements contained herein, the parties hereby covenant and agree, as follows:

1. The Loan Documents are hereby amended as follows:

(a) Effective upon the execution hereof, the Maturity Date is hereby extended to September 27, 2019. Section 2.7 of the Loan Agreement is hereby deleted in its entirety, there shall be no further extensions as a matter of right under the Loan Agreement.

(b) On or before the execution hereof, the outstanding principal balance of the Loan shall be reduced to no greater than \$26,500,000.00.

(c) The Loan Agreement is hereby modified by adding the following new definitions in the appropriate alphabetical order:

“2018 Green Bank Loan” means that certain \$16,000,000.00 loan made by Green Bank, N.A. to the Borrower and the REIT, as co-borrowers, evidenced by, among other documents, that certain Loan Agreement of even date, as all such documents are in effect as of the date hereof.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially similar in form and substance to the form of Certification Regarding Beneficial Owners of Legal Entity Customers published jointly, in May 2018, by the Loan Syndications and Trading Association and Securities Industry and Financial Markets Association.

“Beneficial Ownership Regulation” means 31 C.F.R. §1010.230.

“Curtailment Payment” See §7.18(c)(vi).

“Debt Yield”. On any date, the ratio (expressed as a percentage) of (a) the Adjusted Net Operating Income for the most recently ended four fiscal quarters to (b) the outstanding principal balance of the Loan.

(d) The definition of “Amortization Payment” is hereby deleted in its entirety.

(e) The definition of “Applicable Margin” is hereby deleted in its entirety and shall be replaced by the following:

Applicable Margin. The Applicable Margin for LIBOR Rate Loans shall be 3.75% and the Applicable Margin for Base Rate Loans shall be 2.75%.

(f) The definition of “Consolidated Fixed Charges” is hereby deleted in its entirety and shall be replaced by the following:

“Consolidated Fixed Charges” With respect to any period, for the REIT and its Consolidated Subsidiaries, the sum (without duplication) of for a rolling four quarter period (i) Consolidated Interest Expense for such period, plus (ii) the scheduled principal amount of all amortization payments (but not final balloon payments at maturity or Curtailment Payments required hereunder) for such period on all indebtedness of the REIT and

its Consolidated Subsidiaries; plus (iii) distributions on any preferred partnership units or preferred stock payable by the Borrower for such period and distributions made by the Borrower in such period for the purpose of paying dividends on preferred shares issued by the REIT. “Consolidated Fixed Charges” shall include the pro-rata share of fixed charges from any unconsolidated joint venture. “Consolidated Fixed Charges” for the period shall be adjusted on a proforma basis to account for properties acquired or sold in the period in a manner satisfactory to the Agent. Notwithstanding the foregoing, Consolidated Interest Expense with respect to the Obligations shall only include annualized actual interest expense actually incurred under this Agreement for the period from and after October 24, 2018.

(g) The definition of “Implied Debt Service” is hereby deleted in its entirety and shall be replaced by the following:

“Implied Debt Service.” As of any date, the annual hypothetical debt service payment on a loan equal to the outstanding principal balance of the Loan amortizing on a 30-year amortization schedule with interest accruing at a fixed rate of 5.5% per annum.

(h) The definition of “Interest Payment Date” is hereby deleted in its entirety and shall be replaced by the following:

“Interest Payment Date.” The first (1st) day of each calendar month.

(i) The definitions of “PIP Costs”, “PIP Requirements”, “PIP Reserve” and “Property Improvement Plans” are hereby deleted in their entirety.

(j) The definition of “Security Documents” is hereby amended by deleting the reference therein to “Pledge Agreement”. The Agent and the Lenders acknowledge and agree that the Collateral granted to the Agent under the Pledge Agreements shall be released effective as of the date of this Amendment and the Agent shall deliver such UCC terminations and other discharges as may be reasonably requested to effect further release.

(k) Section 3.2 of the Term Loan Agreement is hereby amended by deleting the first sentence thereof in its entirety and replacing same with the following:

On each Interest Payment Date, the Borrower shall make the Curtailment Payment to the Agent to be applied to the outstanding principal balance of the Loans.

(l) Section 5.1 of the Loan Agreement is hereby amended by deleting same in its entirety and replacing same with the following:

§5.1 Collateral. The Obligations and Hedge Obligations shall be secured by a perfected first priority lien security interest to be held by the Agent for the benefit of the Lenders on the Collateral, pursuant to the terms of the Security Documents.

(m) Section 5.2(a)(ii) of the Loan Agreement is hereby amended by deleting same in its entirety and replacing same with the following:

(ii) one time prior to the Maturity Date of the Loan, or

(n) Article 5 of the Loan Agreement is hereby amended by inserting new §5.4 as follows:

§5.4 Partial Release of Collateral. Provided (a) no Default or Event of Default shall then be in existence, and (b) the Borrower provides the Agent with a pro forma Compliance Certificate reflecting, after giving effect to the sale of the subject Mortgaged Property and the resulting Loan payment, that the Borrower will remain in compliance with the financial covenants set forth in Article 9 hereof, the Agent agrees to release the lien on a Mortgaged Property upon a sale of such Mortgaged Property pursuant to an arms-length transaction to a third party provided the Agent, on behalf of the Lenders, in connection with such release of such Mortgaged Property, receives a principal pay-down in an amount equal to 100% of the net proceeds (after payment of usual and customary closing costs reasonably approved by the Agent) of such sale, provided that the gross sale price is equal to or greater than 95% of the then current Appraised Value of such Mortgaged Property. In the event the gross sale price shall be less than such 95% of such Appraised Value, the Agent in its sole discretion may approve such release and determine the release price payment to be made. No Mortgaged Property may be refinanced except in connection with a repayment in full of the Obligations.

- (o) Subclauses 7.4(c), (h) and (m) of the Loan Agreement are hereby deleted in their entirety.
- (p) Section 7.17 of the Loan Agreement is hereby deleted in its entirety.
- (q) Section 7.18 is hereby deleted in its entirety and shall be replaced by the following:

§7.18 Deposit Accounts, Cash Management; Reserves.

(a) Each Subsidiary Guarantor shall establish and at all times maintain with KeyBank (the “Depository Bank”), all of their deposit and other bank accounts (each, together with the Collection Account, an “Account”) with the Agent, including without limitation, all operating accounts associated with each Mortgaged Property, whether held by the applicable Subsidiary Guarantor or the applicable Master Tenant, with each such Account, excepting the Unrestricted Cash Account, being subject to a perfected lien in favor of the Agent, on behalf of the Lenders, as additional Collateral to secure the Obligations.

(i) Except for an Other Deposit Account, neither Borrower nor any Subsidiary will maintain any other depository accounts relating in any way to the Mortgaged Property with any other depository bank.

(ii) All cash and other proceeds of the operation of each Mortgaged Property shall be deposited in a separate lockbox account for each Mortgaged Property maintained with the Agent, with all deposits in each respective lockbox account then being transferred to separate controlled accounts in the name of each Mortgaged Property Owner (each, a “Mortgaged Property Controlled Account”) maintained with the Agent, with amounts then being disbursed from each such Mortgaged Property Controlled Account as provided in Exhibit 7.17(a)(i).

(b) On or prior to the Closing Date, the Borrower shall have established and shall at all times maintain, with the Depository Bank, in the name of Borrower, for the benefit of Agent, for the ratable benefit of the Lenders, as secured party, a deposit account (the “Collection Account”). The Collection Account and the funds deposited therein shall serve as additional security for the Obligations. Agent shall have sole dominion and control over disbursements from the Collection Account, subject to the terms hereof. On a monthly basis, on the first Business Day of each month, the amounts on deposit in the Collection Account from the operations of the Mortgaged Properties shall be applied in the manner set forth in §7.18(c) hereof. Borrower agrees that, prior to the payment in full of the Obligations, it shall not, nor shall it permit any other Person, to amend or modify the instructions to the Depository Bank set forth in this §7.18 without the prior written consent of Agent (which consent Agent may grant or withhold in its reasonable discretion).

(c) Unless an Event of Default has occurred (in which event the Agent shall have sole discretion of the further use of the funds contained, other than Collected Taxes, in any Account and may apply all such amounts against the Obligations in such fashion as the Agent may deem appropriate), Agent shall on each Interest Payment Date, transfer, or cause the transfer of, amounts from the Collection Account, to the extent available therein, in the following order of priority:

(i) first, whether or not an Event of Default exists, and regardless of whether Agent has accelerated the Loan, Agent shall disburse funds on deposit which represent Collected Taxes to (or at the direction of) the relevant Master Tenant for payment to the relevant tax authorities; provided that, at Agent’s election such amounts may be paid directly to such tax authorities; provided, further, that any such amounts shall not constitute rent payable by either Master Tenant to the subject Mortgaged Property Owner under the subject Master Lease (but instead shall be paid out of such Master Tenant’s own funds); provided, further, that the foregoing shall not make Agent liable for payment of the Collected Taxes or for any shortfall thereof;

(ii) second, to the payment of all interest and any fees, expenses or other amounts owed due and payable hereunder;

(iii) third, to a non-interest bearing account which shall be held by Agent as Collateral, an amount as the Agent from time to time estimates as necessary to create and maintain a reserve fund from which to pay before the same become due all taxes,

assessments, liens and similar charges on or against any Mortgaged Property, and all insurance premiums any Mortgaged Property (the "Tax and Insurance Reserve"). In the event of any continuing Event of Default under this Agreement as a result of which the Obligations have been accelerated, any part or all of the Tax and Insurance Reserve may be applied, at the option of the Agent, to cure any such Event of Default or to any of the Obligations hereby secured and, in refunding any part of said reserve fund, the Agent may deal with whomever is the record owner of such property at that time. Provided no Event of Default is in existence and provided there are sufficient amounts in the Tax and Insurance Reserve to pay the subject taxes or insurance premiums (x) the amount in the Tax and Insurance Reserve, but not in excess of the applicable real estate taxes or insurance premiums then due, shall be paid to the taxing authority or the insurer upon written request of Borrower provided to the Agent at least fifteen (15) Business Days prior to the due date thereof. The foregoing notwithstanding, tax and/or insurance escrow amounts related to any Real Estate that has a similar tax and insurance reserve in place with a lender shall be excluded from contributing to the Tax and Insurance Reserve unless the Agent determines the account with the existing lender is underfunded;

(iv) fourth, \$38,153.00 shall be deposited into a non-interest bearing account (the "FF&E Reserve"), for the payment of future costs and expenses to be incurred by the Credit Parties in connection with FF&E Cost Items related to the Mortgaged Properties. The FF&E Reserve shall be held by Agent as Collateral and may be disbursed as provided in Exhibit 7.18 attached hereto. In the event of any continuing Event of Default under this Agreement as a result of which the Obligations have been accelerated, any part or all of the FF&E Reserve may be applied, at the option of the Agent, to cure any such Event of Default or to any of the Obligations hereby secured and, in refunding any part of said reserve fund, the Agent may deal with whomever is the record owner of such property at that time. The foregoing notwithstanding, amount reserved related to any Real Estate that has a similar FF&E reserve in place with another lender shall be excluded from contributing to the FF&E Reserve unless the Agent determines the account with the existing lender is underfunded;

(v) [intentionally omitted];

(vi) sixth, an amount equal to the \$100,000.00, to the payment of principal on the Loan, pro rata among the Lenders with respect to such amounts owing thereto (the "Curtailed Payment"); and

(viii) Seventh, funds remaining in the Collection Account shall be released to Borrower.

(d) To secure the full and punctual payment and performance of the Obligations, Borrower hereby collaterally assigns, grants a security interest in and pledges to Agent, for the benefit of the Lenders, a first priority continuing security interest in and to, whether now owned or existing or hereafter acquired or arising and regardless of where located, each Account including each of the reserves established pursuant to this §7.18, all cash, checks, drafts, securities entitlements, certificates, instruments and other property, including, without limitation, all deposits and/or wire transfers from time to time deposited or held in, credited to or made to any such Account, and all proceeds of the foregoing.

(r) Section 7.23 of the Loan Agreement is hereby deleted in its entirety.

(s) Section 7.25 of the Loan Agreement is hereby deleted in its entirety and shall be replaced by the following:

§7.25 Fees to Affiliates. Subject to the terms of any Assignment of Management Agreement entered into by the Agent and an Affiliate of any Credit Party, any fees or other payments payable by any Credit Party under any property management agreement, asset management agreement, advisory agreement or any other similar agreement related to any Mortgaged Property to any Person that is an Affiliate of any Credit Party shall be subordinated to this Loan pursuant to a subordination agreement in form and substance reasonably satisfactory to the Agent. The foregoing notwithstanding, with respect to property management fees only, fees due to any Person that is an Affiliate of any Credit Party that exceed 4% of the Net Operating Income of such applicable Credit Party shall be subordinate to the Loan.

- (t) Section 8.1 of the Loan Agreement is hereby amended by inserting new clauses (g) and (i) as follows:
 - (g) Indebtedness of the REIT and the Borrower under the 2018 Green Bank Loan; and
 - (i) . Indebtedness of the REIT and the Borrower in the form of customary carve-out guaranties and environmental indemnifications related to Indebtedness incurred by Subsidiaries of the Borrower.
- (u) The last clause of Section 8.1 of the Loan Agreement is hereby deleted in its entirety.
- (v) Section 8.2(v) of the Loan Agreement is hereby deleted in its entirety and replaced by the following:
 - (v) Customary banker’s liens on the Other Deposit Accounts and other deposit accounts described in Section 8.3(f) permitted to be maintained by a Credit Party under this Agreement; and
- (w) Section 8.2 of the Loan Agreement is hereby amended by inserting new clause (vii) as follows:
 - (vii) Liens granted by the Borrower or the REIT on a deposit account containing the proceeds of all Net Equity to secure the 2018 Green Bank Loan.
- (x) Section 8.3(f) of the Loan Agreement is hereby deleted in its entirety and shall be replaced by the following:
 - (f) the Other Deposit Accounts and other deposit accounts established by the REIT, the Borrower and their other subsidiaries in the ordinary course, provided only the deposit account of the REIT established for receipt of Net Equity may be subject to any Lien in favor of Green Bank, N.A..
- (y) The first sentence of Section 8.7 is hereby deleted in its entirety and shall be replaced by the following:

Except as provided below, the REIT shall not, and shall not permit any of its Subsidiaries to, declare or make any Restricted Payment; provided, however, that (a) so long as no Default or Event of Default would result therefrom the REIT may make distributions not to exceed the current distribution rate of seven percent (7%) per annum in effect as of the Closing Date, and the Borrower may make distributions to its third party Equity Interest owners, and (b) Subsidiaries of the Borrower may make Restricted Payments to the Borrower and to other Subsidiaries of the Borrower.
- (z) Section 8.8(a) is hereby modified by inserting the phrase “other than with respect to the 2018 Green Bank Loan,” at the beginning thereof.
- (aa) Section 8.12 of the Loan Agreement is hereby deleted in its entirety and shall be replaced by the following:

In addition to the foregoing, until the Obligations are repaid in full, the neither the REIT nor the Borrower will incur any additional Indebtedness or provide any recourse or guaranties (other than customary carve-out guaranties and environmental indemnifications) of Indebtedness of any kind other than in connection with the 2018 Green Bank Loan.
- (bb) Section 9.1 is hereby deleted in its entirety and shall be replaced by the following:

§9.1 Consolidated Leverage Ratio. The Consolidated Leverage Ratio shall not exceed sixty five percent (65%).
- (cc) Section 9.2 of the Loan Agreement is hereby amended by deleting the reference contained therein to “1.25 to 1.0” and replacing same with “1.35 to 1.0”.
- (dd) Section 9.3 is hereby deleted in its entirety and shall be replaced by the following:

§9.3 Consolidated Tangible Net Worth. The Consolidated Tangible Net Worth shall be not less than \$102,000,000 plus eighty percent (80%) of the Net Proceeds (based upon GAAP book value) received by the REIT or the Borrower at any time from Equity Issuance by any Credit Party or any Subsidiary (whether common, preferred or otherwise) after October 24, 2018.
- (ee) Article 9 of the Loan Agreement is further amended by deleting §9.4 of the Loan Agreement and replacing same with §9.4 as set forth below and inserting new §9.5 as set forth below:

§9.4 Debt Yield. As of each quarter end, the Borrower shall obtain a Debt Yield of equal to or greater than 8%.

§9.5 Debt Service. As of each quarter end, the Debt Service Coverage Ratio shall not be less than 1.25 to 1.0.

(ff) Schedule 6.7 to the Loan Agreement is hereby deleted and shall be replaced by updated Schedule 6.7 attached hereto

(gg) Sections 1.1.6 and 1.1.7 of Exhibit 7.18 to the Term Loan Agreement are hereby deleted in their entirety.

(hh) Schedule PIP to the Loan Agreement is hereby deleted in its entirety.

(ii) The Account Pledge Agreement shall be modified to provide that the accounts subject to the lien of the Administrative Agent shall solely be the accounts referenced in §7.18 of the Loan Agreement.

2. Fees. In addition to all fees set forth in that certain Fee Letter dated as of the date hereof, Borrower agrees to pay to the Administrative Agent all reasonable out-of-pocket fees and expenses (including reasonable attorneys' fees and expenses) incurred by the Administrative Agent and the Lender in connection with the preparation of this Amendment.

3. Closing Deliveries. On or prior to the execution hereof, Borrower shall deliver to the Administrative Agent a Beneficial Ownership Certification, which Beneficial Ownership Certification shall be true and accurate in all material respects as of the date hereof. Additionally, Borrower shall enter into an interest rate cap in the notional amount of not less than \$29,000,000.00 and a strike rate of not greater than three and one quarter percent (3.25%) with a term that expires no earlier than the Maturity Date (the "Rate Cap"), and the Agent, on behalf of the Lenders, shall have received a first priority assignment of such rate cap in form and substance reasonably satisfactory to the Agent. Borrower shall execute any and all additional documentation reasonably requested by Agent in order to collaterally assign to the Agent all of Borrower's right, title and interest in and to such interest rate cap as security for the Obligations hereunder.

4. Representations of the Borrower. The Borrower represents and warrants to the Lender that after giving effect to this Amendment (a) the representations and warranties of the Borrower and each other Credit Party contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties (i) relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date) and (ii) have been modified to reflect events occurring after the date of the Credit Agreement, as same have been disclosed publicly or in writing to the Administrative Agent on or before the date hereof or are permitted or not prohibited under the Loan Documents, and (b) no event has occurred and is continuing which constitutes an Event of Default or a Default. The Borrower further represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by Borrower and constitutes the Borrower's legal, valid and binding obligations, enforceable in accordance with its terms, except to the extent enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and general principles of equity.

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required (other than those already obtained) in connection with the execution, delivery or performance by Borrower of this Amendment.

5. Confirmation. Except as expressly amended hereby, the remaining terms conditions of all of the Loan Documents remain in full force and effect and the Security Documents continue to secure all Obligations of the Borrower under the Loan Documents, as amended hereby.

6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the substantive laws of the State of New York applicable to agreements made and to be performed entirely within such state, without regard to the choice of law principals that might otherwise apply, and the applicable federal laws of the United States of America. This Amendment may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Amendment by facsimile transmission or other electronic imaging means shall be effective as delivery of a manually executed counterpart hereof. This Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

MOODY NATIONAL OPERATING PARTNERSHIP II, LP,
a Delaware limited partnership

By: Moody National REIT II, Inc.,
a Maryland corporation, its General partner

By: _____
Name: Brett C. Moody
Title: President

Acknowledged and Agreed:

MOODY NATIONAL REIT II, INC.,
a Maryland corporation

By: _____
Name: Brett C. Moody
Title: President

MOODY NATIONAL 1 POLITO LYNDHURST HOLDING, LLC,
a Delaware limited liability company

By: _____
Name: Brett C. Moody
Title: President

MN LYNDHURST VENTURE, LLC,
a Delaware limited liability company

By: _____
Name: Brett C. Moody
Title: President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**MOODY NATIONAL INTERNATIONAL-FORT WORTH
HOLDING, LLC,**
a Delaware limited liability company

By: _____
Name: Brett C. Moody
Title: President

MN FORT WORTH VENTURE, LLC,
a Delaware limited liability company

By: _____
Name: Brett C. Moody
Title: President

MN REIT II TRS, INC.

By: _____
Name: Brett C. Moody
Title: President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

AGENT AND LENDER:

KEYBANK NATIONAL ASSOCIATION,
a national banking association, individually and as Agent

By: _____
Name: Jennifer L. Power
Title: Vice President

KeyBank National Association
1200 Abernathy Road NE, Suite 1550
Atlanta, Georgia 30328
Attention: Jennifer L. Power, Vice President
Telephone: 770-510-2101

UPDATED SCHEDULE 6.7

None.

October 24, 2018

Moody National REIT II, Inc.
c/o Moody National Companies
6363 Woodway Drive, Suite 110
Houston, Texas 77057

Re: Amendment to Secured Term Loan Facility (the “Facility”) to Moody National Operating Partnership II, LP (“Borrower”)

Ladies and Gentlemen,

Moody National Operating Partnership II, LP (the “Borrower”)has entered into a Second Master Amendment to Loan Documents of even date herewith (the “Second Amendment”) with KeyBank National Association, a national banking association having an address at 1200 Abernathy Rd NE, Suite 1550, Atlanta, GA 30328, as agent (KeyBank National Association, in such capacity as agent, hereinafter referred to as “Agent”) for a syndicate of lenders (singly and collectively, the “Lenders”), and the Lenders with respect to the existing loan arrangement entered into between the Borrower, the Agent and the Lenders evidenced by, among other loan documents, that certain Term Loan Agreement dated September 27, 2017. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement. In connection therewith, and in addition to any fees, expenses and other amounts set forth under the Loan Agreement, the Fee Letter dated September 27, 2017, or the Second Amendment, the Borrower agrees as follows:

1. **Commitment Fee**: Upon the execution hereof, the Borrower shall pay to Agent, an extension commitment fee of \$290,000.00 (the “Commitment Fee”) for the benefit of the Lenders.
2. The fees payable above shall be fully earned upon becoming due and payable (regardless of whether such fees are being paid for a later period), shall be non-refundable thereafter for any reason whatsoever and shall be in addition to any other fee, cost or expense payable pursuant to the Facility. Agent reserves the right to allocate to its respective affiliates, in whole or part, certain fees payable to Agent in such manner as Agent may determine in its sole discretion.
3. This Agreement shall be governed by the laws of the State of New York, including, without limitation, New York General Obligations Law Section 5-1401.

Very truly yours,

KEYBANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Name: Jennifer L. Power
Title: Vice President

Acknowledged and agreed to as of the date first set forth above.

MOODY NATIONAL OPERATING PARTNERSHIP II, LP,
a Delaware limited partnership

By: Moody National REIT II, Inc.,
a Maryland corporation, its General partner

By: _____
Name: Brett C. Moody
Title: President

PROMISSORY NOTE

Date: October 24, 2018

Maker (whether one or more): **Moody National Operating Partnership II, LP and
Moody National REIT II, Inc.**

Makers' Mailing Address: **6363 Woodway Drive, Suite 110, Houston, Texas 77057**

Payee: **Green Bank, N.A.**

Place of Payment: **4000 Greenbriar, Houston, Texas 77098**

Principal Amount: **SIXTEEN MILLION AND 00/100 DOLLARS (\$16,000,000.00)**

Annual Interest Rate on Unpaid Principal from Date:

This Note shall bear interest, except on past due sums, at a rate per annum which shall from day to day be equal to the lesser of (a) a fluctuating rate per annum (the "Contract Rate") which is **two and 50/100 percent (2.50%)** per annum above the Index Rate (as hereinafter defined) in effect from time to time, each such change in the Contract Rate to become effective, without notice to Maker, on the effective date of each determination of the Index Rate with respect to any Interest period (as defined below) as provided below, or (b) the Highest Lawful Rate (as hereinafter defined); provided, however, if at any time the Contract Rate shall exceed the Highest Lawful Rate, thereby causing the Contract Rate to be limited to the Highest Lawful Rate, then notwithstanding any subsequent change in either the Contract Rate or the Highest Lawful Rate that would otherwise reduce the Contract Rate to less than the Highest Lawful Rate, the Contract Rate shall remain equal to the Highest Lawful Rate until the total amount of interest accrued equals the amount of interest which would have accrued if the Contract Rate had at all times been in effect. As used herein, the "Index Rate" shall mean the **1 month** London Interbank Offered Rate ("LIBOR Rate") as administered by the "ICE Benchmark Administration Limited" ("IBA") or such other organization who takes over the administration of such rate, for the first day of each Interest Period (as defined below) and as shown on the display designated as "ICE LIBOR" on Bloomberg for the purpose of displaying such rate rounded upward if necessary to the nearest whole 1/100 of 1%. Each change in the rate to be charged on this Note will be made and become effective without notice on the commencement date of each Interest Period based upon the Contract Rate then in effect. As used herein, the term "Interest Period" shall mean initially, the period commencing on the effective date of the Contract Rate and through the last day of the month that the Contract Rate became effective. Thereafter, each Interest Period shall commence on the 1st of each month and shall continue up to, but shall not include, the 1st day of the immediately following month; provided, however, if any Interest Period would otherwise end on a day which is not followed by a Business Day (as defined below), such Interest Period shall be extended to the next day which is followed by a Business Day. Interest on this Note shall be computed on the basis of a year of 360 days, and for the actual number of days elapsed, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of 365 or 366 days, as the case may be. The rate in effect from time to time is herein referred to as the "Stated Rate"; provided, however, in no event shall interest on the Promissory Note ("Note") ever be charged or paid at a rate greater than the maximum non-usurious rate permitted by applicable federal or Texas law from time to time in effect, whichever shall permit the higher lawful rate (the "Highest Lawful Rate"). At all such times, if any, as Texas law shall establish the Highest Lawful Rate, the Highest Lawful Rate shall be the "weekly rate ceiling" (as defined in Texas Finance Code, Chapter 303, as amended) from time to time in effect; provided that Payee may also rely on alternative maximum rates of interest from time to time in effect under other applicable laws. If adequate and reasonable means does not exist for ascertaining the LIBOR Rate as set forth herein then, Payee shall select an alternative interest rate methodology to determine the LIBOR Rate that gives due consideration to conventions then being used by Payee to determine rates of interest in similar types of credit facilities as those hereunder, and such new rate shall be substituted for the LIBOR Rate for all purposes hereunder.

Annual Interest Rate on Matured, Unpaid Amounts: The lesser of twelve percent (12%) per annum and the Highest Lawful Rate.

Terms of Payment (principal and interest):

Monthly installments of interest, the first such installment being due and payable the first Business Day after the **15th** day of the month immediately following the month this Note is executed and each subsequent installment shall be due and payable on the same day of each succeeding calendar month thereafter until **six (6) months** from the date hereof, when the then remaining unpaid principal and accrued unpaid interest of this Note is due and payable. Commencing with the first installment of interest hereunder and on the same day of each succeeding calendar month thereafter, a principal payment equal to the greater of (a) \$1,500,000.00 or (b) fifty percent (50%) of Consolidated Net Cash Flow (calculated the first Business Day after the 15th of each month with respect to the calendar month then most recently ended). Each payment will be credited first to the accrued unpaid interest and then to reduction of principal. Interest

will be calculated on the unpaid principal to the date of each installment. Consolidated Net Cash Flow is defined in the Loan Agreement of even date herewith.

Prepayment Penalty: This note may be prepaid in whole or in part at any time without penalty. All prepayments in excess of accrued interest shall be applied to the outstanding principal balance of this note in the inverse order of maturity.

Security for Payment

- (a) Security Agreement and Financing Statement from Maker to Payee that covers such personal property as is described therein (“Property”).
- (b) Collateral Assignment of Deposit Account from **Moody National REIT II, Inc.**

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

Subject to Maker’s rights to notice of default and opportunity to cure as set forth in the Loan Agreement of even date herewith, if (a) Maker defaults in the payment of this note, or in the payment or performance of any obligation in i) the Loan Agreement executed by Maker and Payee providing for the making of a loan to Maker in the original principal amount of \$16,000,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for such Loan Agreement (the “Loan Agreement”), (ii) any instrument securing or collateral to it, or (iii) any renewals and/or extensions of any of the foregoing (“Related Documents”), or (b) any other Event of Default, as defined in the Loan Agreement, shall occur and be continuing, then Payee may declare the unpaid principal balance and accrued unpaid interest on this note immediately due. and shall be entitled to invoke all of its rights under the terms of all said such Related Documents. Subject to Maker’s rights to notice of default and opportunity to cure as set forth in the Loan Agreement of even date herewith, 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, dishonor, notice of protest and notice of dishonor, to the extent permitted by law.

If this note or any instrument securing or collateral to it is given 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, the Maker shall pay Payee all costs of collection and enforcement, including reasonable attorney’s fees and court costs, in addition to other amounts due.

This Note shall be governed by and construed in accordance with Texas law and applicable federal law. The parties hereto intend to conform strictly to the applicable laws governing maximum interest rates permitted. In no event, whether by reason of demand for payment, prepayment, acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by Payee hereunder or otherwise exceed the maximum amount permitted under applicable law. If from any circumstance whatsoever interest would otherwise be payable to Payee in excess of the maximum lawful amount, the interest payable to Payee shall be reduced automatically to the maximum amount permitted by applicable law. If Payee shall ever receive anything of value deemed interest under applicable law which would, apart from this provision, be in excess of the maximum lawful amount, an amount equal to the amount which would have been excessive interest shall be applied to the reduction of scheduled principal payments owing hereunder in inverse order of their maturities and not to the payment of interest, or if such amount which would have been excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to Maker. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest charged or paid on account of such indebtedness does not exceed the maximum permitted by applicable law. The provisions of this paragraph shall control all existing and future agreements between Maker and Payee. In determining whether interest of any kind paid or payable hereunder exceeds the highest rate, the undersigned and Payee shall, to the maximum extent permitted under applicable law (a) characterize any non-principal payment as an expense, fee or premium, (b) exclude voluntary prepayments and the effects thereof and (c) amortize, prorate, allocate and spread, in equal parts, the total amount of interest throughout the entire contemplated term of the indebtedness in order to render the interest rate uniform throughout such term. Without limiting the generality of the foregoing, the amount of any late payment fee or charge provided for herein or in the Security Documents (whether or not the same are construed as interest under applicable laws) are limited to and shall never exceed an amount which, when added to all items called or deemed to be interest in connection with the transactions contemplated herein, does not exceed the maximum amount of interest payable on the principal balances involved under applicable law. 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.

In addition to and without limitation of any defenses to which Payee may be entitled under applicable law, Maker and any obligor agree to provide Payee with written notice and a reasonable opportunity of at least 60 days to correct any excessive contract, charge or receipt, and any corrective action by Payee shall relieve Payee of any liability regarding same. Any such notice to Payee must be by certified mail, return receipt requested, and must provide Payee with specific details regarding the nature and extent of any alleged excessive contract, charge or receipt.

For purposes of any suit relating to the Note, Maker hereof submits itself to the jurisdiction of any court sitting in the State of Texas and further agrees that venue in any suit arising out of the Note or any venue shall be fixed in Harris County, Texas. Final judgment in any suit shall be conclusive and may be enforced in any jurisdiction within or without the United States of America, by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of such liability.

The Maker agrees that the sums evidenced by this Note are not for personal, family or household purposes, and that it is to be used primarily for business and commercial purposes.

It shall be a default hereunder if Payee discovers that any statement, representation or warranty in the Note, any security agreement or in any other document or instrument delivered to or relied upon by Payee in connection with the indebtedness secured hereby is false, misleading or erroneous in any material respect.

It shall be a default hereunder if Payee deems itself insecure as to the repayment of the indebtedness secured hereby or the adequacy and sufficiency of the property as security for the indebtedness secured hereby.

Maker, at any time and from time to time, shall furnish promptly, upon request, a written statement or affidavit, in such form as may be required by Payee, stating the unpaid balance of the Note and that there are no offsets or defenses against full payment of the Note and performance of the terms hereof, or if there are any such offsets and defenses, specifying them in reasonable detail.

Whenever any payment to be made under this note shall be stated to be due on a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of Texas, then such payment shall be made on the next succeeding Business Day.

If more than one person or entity executes this Note as Maker, all of said parties shall be jointly and severally liable for the repayment of the indebtedness evidenced hereby. Maker and all sureties, endorsers, guarantors and any other party now or hereafter liable for the payment of this Note, in whole or in part, hereby severally: (i) waive grace, demand, presentment for payment, notice of nonpayment, protest, notice of intention to accelerate, notice of acceleration, all other notice, and diligence in collecting this Note or enforcing any of this Note; (ii) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (iii) agree that Holder shall not be required first to institute suit or exhaust any remedies against Maker or others liable or to become liable hereon or to enforce its rights against them or any security for this Note; and (iv) consent to any extension or postponement of time of payment of this Note and to any other indulgence of Holder with respect to any duty of Maker without notice hereof to any of them.

The Maker understands and agrees that (i) Payee's document retention policy may involve the imaging of executed loan documents, which includes but is not limited to any note, guaranty, deed of trust, security agreement, assignment, financing statement and any other document which evidences any indebtedness owed by Maker and/or Guarantors to Payee and/or secures such indebtedness and/or relates to the indebtedness and/or the collateral securing such indebtedness and the destruction of the paper original, including the original note and (ii) the Maker waives, any rights and/or defenses that it may have to the use of such imaged copies of loan documents in the enforcement of any of Payee's rights in a court of law or otherwise and/or as to any claim that such imaged copies of the loan documents are not originals.

THE PARTIES TO THIS AGREEMENT HEREBY, UNCONDITIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR ARISING OUT OF, OR IN ANY WAY RELATING TO THIS AGREEMENT.

Business Day shall mean any day, other than a Saturday or a Sunday that Payee's central business office is open for business.

Payee reserves the right, in its sole discretion, without notice to the Maker, to sell participations or assign its interest, or both, in all or any part of this note.

LATE CHARGE. If a payment is ten (10) days or more late, Maker will be charged five percent (5.00%) of the regularly scheduled payment.

Maker reserves the right to prepay this Note in any amount at any time prior to maturity without penalty.

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

SIGNATURE(S) FOUND ON FOLLOWING PAGE(S)

MAKER:

Moody National Operating Partnership II, LP,
By: **Moody National REIT II, Inc.,**
a Maryland corporation, its general partner

By: _____
Brett C. Moody, President

Moody National REIT II, Inc.,
a Maryland corporation

By: _____
Brett C. Moody, President

LOAN AGREEMENT

This Loan Agreement (the “Agreement”) is made and entered into on October 24, 2018 by and between **Green Bank, N.A.**, having its principal office in Harris County, Texas (the “Lender”), **Moody National Operating Partnership II, LP** whose address is **6363 Woodway Drive, Suite 110, Houston, Texas 77057** and **Moody National REIT II, Inc.**, whose address is **6363 Woodway Drive, Suite 110, Houston, Texas 77057** (the “Borrower”, whether one or more), as follows:

WITNESSETH:

WHEREAS, Borrower has applied to Lender for and Lender has agreed to make Borrower a loan (the “Loan”) in the amount of **SIXTEEN MILLION AND 00/100 DOLLARS (\$16,000,000.00)**, for the purpose of providing funds to Borrower for the refinance of existing indebtedness;

WHEREAS, Borrower and Lender wish to enter into this Agreement in order to set forth some of the terms and conditions of the Loan:

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, Borrower and Lender hereby agree as follows:

1. **LOAN DOCUMENTS** Borrower has executed and delivered, or caused to be executed and delivered, to Lender this Agreement and the following loan documents (collectively and together with this Agreement and all other documents securing the Loan, the “Loan Documents”):

A. **Note.** A promissory note (the “Note”) of even date herewith, payable to the order of Lender and in the principal amount of **SIXTEEN MILLION AND 00/100 DOLLARS (\$16,000,000.00)**. The term “Note”, as defined herein, shall include any renewal(s), extension(s) and/or modification(s) thereof.

B. **Financing Statements.** Security Agreement and one (1) or more Financing Statements for the benefit of Lender.

C. **Guarantees. None**

2. **TERMS AND CONDITIONS** In addition to the terms and conditions contained in the other Loan Documents, the Loan shall be subject to the additional terms and conditions set forth in this Agreement. The terms and conditions set forth in the other Loan Documents and this Agreement supersede, amend and replace any prior terms and conditions by and between Lender and Borrower with respect to the Loan.

3. **REPRESENTATIONS AND WARRANTIES** Borrower represents and warrant to Lender as follows:

A. **Formation and Standing** If Borrower is not an individual, it is validly formed, and duly existing at this time, in good standing under the laws of the state of its organization and is authorized to do business in , and has the power to own its property and to carry on its business, in the state of Texas and in each other jurisdiction in which Borrower operates and the failure to be so qualified could reasonably be expected to have a material adverse effect on Borrower or its financial condition.

B. **Authority and Compliance** Borrower has full power and authority to enter into this Agreement, to make the borrowing hereunder, to execute and deliver the Note and to incur the obligations provided for herein, all of which has been duly authorized by all proper and necessary action. No consent or approval by any other party or public authority is required as a condition to the validity of this Agreement or the Note (or if required, has been obtained), and Borrower is in compliance, in all material respects, with all laws and regulatory requirements to which it is subject.

C. **Binding Agreement** This Agreement constitutes, and the Note and Loan Documents when issued and delivered pursuant hereto for value received will constitute, valid and legally binding obligations of Borrower enforceable in accordance with their respective terms.

D. **Guarantor(s) and Guaranty Agreement** Intentionally deleted.

E. **Litigation** There are no proceedings pending or, to the knowledge of Borrower, threatened before any court or other administrative agency which will or may have a material adverse effect on the financial condition or operations of Borrower, any of its respective properties or any general partner of Borrower, except as disclosed to Lender in writing prior to the date of this Agreement.

F. **No Conflicting Agreements** There are no charter, bylaw or stock provisions and no provisions of any existing agreement, mortgage, indenture or contract binding on Borrower, or affecting any of their respective property, which would conflict with or in any way prevent the execution, delivery or carrying out of the terms of this Agreement, the Note, any other Loan Document, or the grant of any security interest or lien made in connection with the Loan.

G. **Ownership of Assets** Borrower has indefeasible title to any collateral (the “Collateral”) pledged to secure the Loan and the Collateral is owned free and clear of liens.

H. **Taxes** All income taxes and other taxes due and payable through the date of this Agreement by Borrower or assessed against the Collateral have been paid prior to becoming delinquent.

I. **Financial Statements** The books and records of Borrower properly reflect their respective financial condition in all material respects, and there has been no material change in their respective financial condition as represented in the statements most recently delivered to Lender.

J. **Places of Business and Residence** Borrower’s principal place of business is in the state identified with Borrower’s address set forth above.

4. **AFFIRMATIVE COVENANTS** Until payment in full of the Note and performance of all other obligations of Borrower hereunder, Borrower will:

A. **Financial Recordkeeping** Keep adequate records, in accordance with generally recognized federal income tax basis accounting principles, of all its transactions, so that at anytime, and from time to time, its true and complete financial condition may be readily determined and to, upon request, make such records available for Lender’s inspection during all business hours.

B. **Financial Reporting/Covenants and Other Reporting** Borrower agrees to maintain and shall provide or will cause to be provided to Lender:

All terms and calculations to be according to GAAP, and prepared by Borrower, unless specified otherwise.

(1) **Moody National REIT II, Inc. shall provide annual CPA audited financial statements within 120-days of each year-end.**

(2) **Moody National REIT II, Inc. shall provide quarterly financial statements within 45-days of each quarter-end.**

(3) **Moody National REIT II, Inc. shall provide quarterly Compliance Certificates within 45-days of each quarter-end on the form attached as Exhibit B.**

(4) **Moody National REIT II, Inc. shall provide a monthly Consolidated Net Cash Flow calculation on the first business day after the 15th of each month.**

(5) **Annually and in any event within 30-days following the filing thereof, but in no event later than November 15th of the year due, copies of income tax returns, including all schedules and K-1s, filed by Moody National REIT II, Inc. and properly filed extensions thereof.**

(6) **Minimum Fixed Charge Coverage Ratio: Beginning December 31, 2018 Maker shall maintain a Fixed Charge Coverage Ratio of not less than 1.20 as of each fiscal quarter end, determined on a trailing 12 month basis. Fixed Charge Coverage Ratio is defined as the adjusted EBITDA (adjusted net operating income of all properties within Moody National Operating Partnership II, L.P., plus Net Equity raised less Selling, General and Administrative Expenses) divided by actual debt service on Moody National REIT II, Inc. (but not final balloon payments at maturity) assets, plus actual Lender interest expense, plus current maturities of Lender debt (but not final balloon payments at maturity).**

(7) **Consolidated Leverage Ratio: Borrower shall maintain a maximum Consolidated Leverage Ratio of no more than 70% at all times, tested quarterly. Consolidated Leverage Ratio is defined as consolidated indebtedness of the Moody National REIT II, Inc. and its consolidated subsidiaries; consolidated indebtedness shall include the pro-rata share of indebtedness from any unconsolidated joint venture) divided by consolidated total asset value (appraised value as of December 31, 2017 on all existing Moody National REIT II, Inc. assets plus cost value on any properties acquired after December 31, 2017).**

(8) **Borrower agrees that, except with Lender’s prior written consent, neither Moody National REIT II, Inc. nor Moody National Operating Partnership II, LP neither shall incur any additional debt, other than existing first liens on properties as of the date hereof.**

(9) **Moody National REIT II, Inc. shall not, and shall not permit any of its Subsidiaries to, declare or make any Restricted Payment; provided, however, that so long as no default or Event of Default would result therefrom Moody National REIT II, Inc. may make distributions not to exceed the current distribution rate of seven point fifty-six percent (7.56%) per annum in effect as of the date hereof, and the Borrower may make distributions to its third party Equity Interests owners. Further, so long as the Loan**

and the Note remain outstanding, the Moody National REIT II, Inc. shall not change its distribution strategy or repurchase or redeem equity without the prior written approval of Lender (other than redemptions upon death or disability consistent with past practices). Upon a Default or Event of Default which remains in existence, Moody National REIT II, Inc. will be restricted from making any Restricted Payments other than those required to maintain REIT status. If any monetary or bankruptcy related default shall occur and be continuing, including any Default pursuant to covenants related to the Lender debt, or if there is an Event of Default resulting in acceleration of the maturity date of the Note, Borrower will not be permitted to make any distributions.

(10) **Certain Definitions:**

Consolidated Net Cash Flow for any period is defined as the net cash flow of Moody National REIT II, Inc. (subject to the terms of any underlying debt documents) for such period, as further calculated in accordance with Lender requirements.

Net Equity is defined as the gross offering proceeds of equity issuances by the Moody National REIT II, Inc. less reasonable total offering costs, including, but not limited to all reasonable legal fees, filing fees, selling commissions, printing fees and accounting fees and expenses.

Equity Interests is defined as with respect to any person, any share of capital stock of (or other ownership or profit interests in) such person, any warrant, option or other right for the purchase or other acquisition from such person of any share of capital stock of (or other ownership or profit interests in) such person, any security convertible into or exchangeable for any share of capital stock of (or other ownership or profit interests in) such person or warrant, right or option for the purchase or other acquisition from such person of such shares (or such other interests), whether voting or nonvoting, and whether or not such share, warrant, option, right or other interest is authorized or otherwise existing on any date of determination, and any other ownership or profit interest in such person (including, without limitation, partnership, member or trust interests therein).

Restricted Payment means (a) any dividend or other distribution, direct or indirect, on account of any Equity Interest of Moody National REIT II, Inc. or any of its Subsidiaries now or hereafter outstanding, except (i) a dividend payable solely (A) in shares of that class of Equity Interests to the holders of that class, or (B) a cash dividend paid by a Subsidiary of Borrower to Borrower or to another Subsidiary that is wholly owned by Borrower, (ii) issuance by Moody National REIT II, Inc. of shares for conversions of units in the Borrower; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests of Moody National REIT II, Inc. or any of its Subsidiaries now or hereafter outstanding and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interests of Moody National REIT II, Inc. or any of its Subsidiaries now or hereafter outstanding.

Subsidiary means for any person, any corporation, partnership, limited liability company or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership, limited liability company or other entity (without regard to the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such person or one or more Subsidiaries of such person or by such person and one or more Subsidiaries of such person, and shall include all persons the accounts of which are consolidated with those of such person and reported on a consolidating basis pursuant to GAAP.

(11) **Any other financial reporting, upon Lender's reasonable request.**

C. **Insurance.** Maintain insurance with responsible insurance companies on such of its properties, in such amounts and against such risks as is customarily maintained by similar businesses operating in the same vicinity, specifically to include a policy of fire and extended coverage insurance covering all assets, business interruption insurance and liability insurance, all in accordance with the terms of any indebtedness secured by the property so insured or otherwise on commercially reasonable terms. From time to time, upon Lender's request, Borrower shall provide evidence of such insurance to Lender.

D. **Existence and Compliance with Laws** As appropriate, maintain its existence in good standing and comply with all laws, regulations and governmental requirements applicable to it or to any of its property, business operations and transactions, except to the extent that failure to do so could not reasonably be expected to have a material adverse effect on Borrower or its financial condition.

E. **Adverse Conditions or Events** Promptly advise Lender in writing of any condition, event or act which comes to its attention that could reasonably be expected to materially affect either Borrower's financial condition, Lender's rights in or to the Collateral under this Agreement or the Loan Documents, and of any litigation filed against Borrower that, if decided adversely to Borrower, could reasonably be expected to materially affect either Borrower's financial condition.

F. **Taxes** Pay all taxes prior to delinquency, unless being contested in good faith pursuant to appropriate procedures.

G. **Maintenance** Preserve and maintain all licenses, privileges, franchises, certificates and the like necessary for the operation of its business.

5. **NEGATIVE COVENANTS** Until payment in full of the Note and performance of all other obligations of Borrower hereunder (other than surviving indemnity obligations as to which no claim is then pending), Borrower will not, without the prior written consent of Lender:

A. **Liens** Knowingly grant, suffer or permit liens on or security interests in the Collateral.

B. **Transfer of Assets** Enter into any merger or consolidation, or sell, assign or otherwise dispose of or transfer any assets except in the normal course of its business.

C. **Ownership.** Allow Moody National REIT II, Inc.'s ownership interest in Mood National Operating Partnership II, LP, to change or be restructured.

6. **EVENTS OF DEFAULT** If one (1) or more of the following events (in each case, subject to the notice and cure provisions set forth in Section 7.L, an "Event of Default") shall occur, all outstanding principal plus accrued unpaid interest of the Loan shall, at the option of Lender, be due and payable immediately and Lender shall have no further obligation to fund under this Agreement or the Note:

A. Default shall be made in the payment of any installment of principal or interest upon the Note or any other obligation of Borrower to Lender under the Loan Documents when due and payable, whether at maturity or otherwise; or

B. Default shall be made in the performance of any term, covenant or agreement contained herein or in any other Loan Documents; or

C. Any representation or warranty herein contained or in any financial statement, certificate, report or opinion submitted to Lender in connection with the Loan or pursuant to the requirements of this Agreement shall prove to have been incorrect or misleading in any material respect when made; or

D. Any material judgment against Borrower or any material attachment or other levy against the property of Borrower with respect to a claim remains unpaid on appeal, undischarged, not bonded or not dismissed for a period of ninety (90) days; or

E. There shall occur any "Event of Default", as defined in the Note or any other Loan Document; or

G. If there shall be a default that continues beyond the expiration of any applicable grace or cure period under any other debt secured by the Collateral or any other obligation of Borrower to Lender for borrowed money; or Borrower defaults, beyond the expiration of any applicable grace or cure period, under any loan or extension of credit owed to any other creditor that could reasonably be expected to materially affect any material portion of Borrower's property or Borrower's ability to repay the Loan or perform Borrower's obligations under this Agreement or any other Loan Document;

then upon the happening of any Event of Default and during the continuation thereof, Lender may declare the unpaid principal balance and earned unpaid interest on the Note immediately due and Lender may avail itself of all rights, powers, and recourses allowed or permitted herein and/or by law.

7. MISCELLANEOUS

A. **Expenses** Borrower agrees to pay all out-of-pocket expenses of Lender in connection with this Agreement and the collection of the Note. Borrower also agrees to pay all reasonable attorney's fees and all expenses incurred in recording any documents securing the Loan.

B. **Cumulative Rights and Waivers** Each and every right granted to Lender hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity shall be cumulative of and may be exercised in addition to any and all other rights of Lender, and no delay in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right preclude any other or future exercise thereof or the exercise of any other right. Any of the foregoing covenants and agreements may be waived by Lender but only in writing signed by a Vice President or higher level officer of Lender. Except for such notices as are expressly provided to be given herein or in any other Loan Document, Borrower expressly waives any presentment, demand, protest or other notice of any kind. No notice to or demand on Borrower in any case shall, of itself, entitle Borrower to any other or further notice or demand in similar or other circumstances. No delay or omission by Lender in exercising any

power or right hereunder shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof, or the exercise of any other right or power hereunder.

C. **Applicable Law** This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted in accordance with the laws of the state of Texas.

D. **Amendment** No modification, consent, amendment or waiver of any provision of this Agreement, nor consent to any departure by Borrower therefrom, shall be effective unless the same shall be in writing and signed by a Vice President or higher level officer of Lender and then shall be effective only in the specific instance and for the purpose for which given. This Agreement is binding upon Borrower, its successors and assigns, and inures to be benefit of Lender, its successors and assigns.

E. **Multiple Counterparts** This Agreement may be executed in one (1) or more counterparts, and each counterpart when so executed and delivered shall constitute an original hereof, but all such separate counterparts shall constitute one (1) and the same instrument.

F. **Severability of Provisions** In case one (1) or more provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired.

G. **Imaged Documents** The Borrower and all sureties, endorsers, and any other party now or hereafter liable for the payment of the Note, in whole or in part, understand and agree that, (i) Lender's document retention policy may involve the imaging of executed Loan Documents, which includes but is not limited to any note, guaranty, deed of trust, security agreement, assignment, financing statement and any other document which evidences any indebtedness owed by Borrower to Lender and/or secures such indebtedness and/or relates to the indebtedness and/or the collateral securing such indebtedness, and the destruction of the paper original, including the original note and (ii) the Borrower and all sureties, endorsers, and any other party now or hereafter liable for the payment of this Note, in whole or in part, waive any rights and/or defenses that it may have to the use of such imaged copies of Loan Documents in the enforcement of any of Lender's rights in a court of law or otherwise and/or as to any claim that such imaged copies of the loan documents are not originals.

H. **Jury Waiver. THE PARTIES TO THIS AGREEMENT HEREBY UNCONDITIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR ARISING OUT OF, OR IN ANY WAY RELATING TO THIS AGREEMENT.**

I. **Notice Waiver.** Upon an Event of Default and during the continuation thereof, at the option of Lender, the Loan and any and all other indebtedness of Borrower to Lender shall become and be due and payable forthwith without demand, notice of default or of intent to accelerate the maturity hereof, notice of acceleration, notice of nonpayment, presentment, protest or notice of dishonor, all of which are hereby expressly waived by Borrower.

J. **Cross-Default/Cross-Collateralization Intentionally Deleted**

K. **Loan Fee** Borrower shall pay to Lender the loan fee in the amount of **\$160,000.00** upon the execution this Agreement.

L. **Notice and Cure** Notwithstanding anything contained herein, in the Note or in any of the Loan Documents to the contrary, (i) upon a monetary/payment default hereunder or any other Loan Document (excluding maturity of the Note), Borrower may cure such default if it does so within five (5) days of the date of notice by Lender to Borrower of such monetary/payment default, and (ii) upon a non-monetary default hereunder or any other Loan Document, Borrower may cure such default if it does so within twenty (20) days of the date of notice by Lender to Borrower of such non-monetary default.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SIGNATURES FOUND ON FOLLOWING PAGE(S)

“BORROWER”

Moody National Operating Partnership II, LP,

By: **Moody National REIT II, Inc.,**

a Maryland corporation, its general partner

By: _____

Brett C. Moody, President

Moody National REIT II, Inc.,

a Maryland corporation

By: _____

Brett C. Moody, President

“LENDER”

Green Bank, N.A.

By: _____

Peyton Jones, Executive Vice President

SECURITY AGREEMENT

Moody National Operating Partnership II, LP whose address is **6363 Woodway Drive, Suite 110, Houston, Texas 77057** and **Moody National REIT II, Inc.** whose address is **P.O. Box 219280, Kansas City, Missouri 64121** (the “Debtor”, whether one or more), and **Green Bank, N.A.** (the “Secured Party”), whose address is **4000 Greenbriar, Houston, Texas 77098**, agree as follows:

SECTION 1. CREATION OF SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in the property described in Section 2 of this Agreement to secure performance and payment of (i) that certain promissory note of even date herewith, in the principal amount of **\$16,000,000.00**, executed by Debtor and payable to the order of Secured Party, (said promissory note is herein called the “Note”), and bearing interest and being payable in the manner provided therein; (ii) all renewals and extensions of the Note; and (iii) payment and performance of all obligations under the Loan Agreement, as defined in the Note, and any other Loan Document, as defined in the Loan Agreement (all of the foregoing described in this Section 1 being the “Secured Indebtedness”).

SECTION 2. COLLATERAL

For valuable consideration, receipt of which is hereby acknowledged, Debtor hereby grants to Secured Party a security interest in the following assets, whether now existing or hereafter acquired and wherever located, including the following:

All cash received by **Moody National REIT II, Inc.** constituting Net Equity, together with all payment intangibles relating thereto. Net Equity is defined as the gross offering proceeds of equity issuances by the **Moody National REIT II, Inc.** less reasonable total offering costs, including, but not limited to all reasonable legal fees, filing fees, selling commissions, printing fees and accounting fees and expenses.

Limitation: It is the intent of Debtor and Secured Party that the Collateral, and the Controlled Account (as defined below), constitute the sole collateral for the Secured Indebtedness. Accordingly, Secured Party hereby waives any and all security interests in and/or liens on any other deposit account maintained by Debtor with Secured Party the effect of which would be inconsistent with such intent. Together with all proceeds of the Collateral.

SECTION 3. PAYMENT OF OBLIGATIONS OF DEBTOR

3.1 Direct Obligations. Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to the Note, or any extensions or renewals thereof, or under this Agreement or any documents executed in connection therewith or as security therefor.

3.2 Expenses. Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys’ fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Agreement, plus interest thereon at the maximum non-usurious rate permitted by applicable law with respect to Debtor.

3.3 Acceleration. Debtor shall pay immediately, without notice, the entire unpaid principal and accrued unpaid interest relating to the Secured Indebtedness of Debtor to Secured Party whether created or incurred pursuant to this Agreement or otherwise, upon Debtor’s default under this Agreement and Secured Party’s acceleration of payment of all said indebtedness (unpaid principal, earned unpaid interest and other accrued charges) as provided for in this Agreement.

SECTION 4. DEBTOR’S REPRESENTATIONS, WARRANTIES AND AGREEMENTS RELATING TO FILING

Debtor represents, warrants and agrees that:

4.1 Location of Collateral. The Collateral shall be held in a deposit account at all times subject to Secured Party’s control pursuant to the Collateral Assignment of Deposit Account of even date herewith executed by Borrower in favor of Lender (any deposit account subject to Secured Party’s control pursuant to such Collateral Assignment of Deposit Account, the “Collateral Account”).

4.2 Information. All information supplied and statements made by Debtor or any guarantor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Agreement were, and shall be, at the time of delivery, true, correct, complete, in all material respects.

4.3 No Additional Security Interests or Liens. Debtor will not pledge, mortgage or otherwise encumber, or create or suffer a security interest to exist in any of the Collateral to or in favor of anyone other than Secured Party.

4.4 Additional Documentation. Debtor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interests, rights and remedies created by, provided in or emanating from this Agreement.

4.5 Protective Action. Debtor will, at its own expense, do, make, procure, execute and deliver all acts, things, writing and assurances as Secured Party may at any time reasonably request to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Agreement.

SECTION 5. EVENTS OF DEFAULT

Debtor shall be in default under this Agreement if any Event of Default, as defined in the Note the Loan Agreement or any other Loan Document shall have occurred and be continuing;

SECTION 6. SECURED PARTY'S RIGHTS AND REMEDIES

6.1 Rights Exclusive of an Event of Default. The Secured Indebtedness may be assigned from time to time by Secured Party, together with this Agreement and Secured Party's rights hereunder, and in any such case the assignee shall be entitled to all of the rights, privileges and remedies granted in this Agreement to Secured Party.

6.2 Rights in Event of Default. Upon the occurrence of an Event of Default and at any time thereafter during the continuation thereof, Secured Party may declare the Secured Indebtedness immediately due and payable and shall have the rights and remedies of a secured party under the Texas Business and Commerce Code, under other applicable laws of each state having jurisdiction over the Collateral or any part thereof.

6.3 Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

6.4 The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

6.5 SECURED PARTY MAY ENFORCE ITS RIGHTS UNDER THIS AGREEMENT WITHOUT RESORT TO PRIOR JUDICIAL PROCESS OR JUDICIAL HEARING, AND DEBTOR EXPRESSLY WAIVES, RENOUNCES AND KNOWINGLY RELINQUISHES ANY LEGAL RIGHT WHICH MIGHT OTHERWISE REQUIRE SECURED PARTY TO ENFORCE ITS RIGHTS BY JUDICIAL PROCESS. IN SO PROVIDING FOR A NON-JUDICIAL REMEDY, DEBTOR RECOGNIZES AND CONCEDES THAT SUCH A REMEDY IS CONSISTENT WITH THE USAGE OF THE TRADE, IS RESPONSIVE TO COMMERCIAL NECESSITY AND IS THE RESULT OF BARGAINING AT ARMS LENGTH. NOTHING IN THIS AGREEMENT IS INTENDED TO PREVENT DEBTOR OR SECURED PARTY FROM RESORTING TO JUDICIAL PROCESS AT EITHER PARTY'S OPTION.

6.6 Debtor agrees that in performing any act under this Agreement that time shall be of the essence and that Secured Party's acceptance of a partial or delinquent payment or payments, or the failure of Secured Party to exercise any right or remedy shall not be a waiver of any obligation of Debtor or any right of Secured Party or constitute a waiver of any other similar default subsequently occurring.

SECTION 7. ADDITIONAL AGREEMENTS

7.1 Parties. "Secured Party" and "Debtor" as used in this instrument include successors, representatives, receivers, trustees and assigns of those parties.

7.2 Section Headings. The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument.

7.3 Defined Terms. Terms used in this instrument which are defined in the Texas Business and Commerce Code are used with the meanings as therein defined.

7.4 Applicable Law; Place of Payment. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument, and all payments and obligations shall be made and performed in Houston, Harris County, Texas, unless otherwise agreed.

7.5 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable, such provision shall be fully severable, and the remaining provisions of this Agreement shall be in full force and effect.

7.6 The Debtor agrees that the sums evidenced by the Note and secured hereby are not for personal, family or household purposes, and that it is to be used primarily for business and commercial purposes.

EXECUTED as of the 24th day of October, 2018.

SIGNATURES FOUND ON FOLLOWING PAGE(S)

“DEBTOR”

Moody National Operating Partnership II, LP,
By: **Moody National REIT II, Inc.,**
a Maryland corporation, its general partner

By: _____
Brett C. Moody, President

Moody National REIT II, Inc.,
a Maryland corporation

By: _____
Brett C. Moody, President

“SECURED PARTY”

Green Bank, N.A.

By: _____
Peyton Jones, Executive Vice President