TURNOVER

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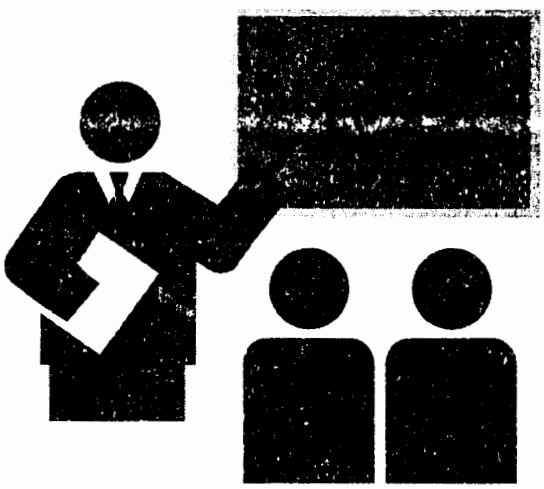

AGREEMENTS

AMENDMENT TO TURNOVER AGREEMENT
DATED JULY 20, 1978
EFFECTIVE AUGUST 1, 1978

For the purpose of correction, the undersigned here agree that, notwithstanding the provisions of paragraph 2.(c) of the Turnover Agreement, Developer does not and will not reserve or retain riparian rights or property rights necessary to support a claim for riparian rights insofar as such rights accrue, attach or are appurtenant to that certain land encompassing the Pecan Plantation Clubhouse area, said land being specifically described as Tract "A" of the "Clubhouse and Tennis Area" as described in Exhibit "A" to this agreement, to which description reference is hereby made.

Except as herein modified, the provisions and reservations in paragraph 2.(c) are unchanged and remain in effect.

Executed this 22 day of July, 1978, but effective August 1, 1978.

REPUBLIC LAND COMPANY

BY: _____
President

PECAN PLANTATION OWNERS ASSOCIATION, INC.

BY: _____
President

THE STATE OF TEXAS X

COUNTY OF HOOD X

Agreement between Republic Land Company d/b/a Pecan Plantation, a Texas corporation (herein called Developer), and Pecan Plantation Owners Association, Inc., a Texas nonprofit corporation (herein called Association).

WHEREAS, Developer is and has heretofore been engaged in the development of a subdivision known as Pecan Plantation located in Hood and Johnson Counties, Texas (herein sometimes referred to as the subdivision); and

WHEREAS, in connection with said development Developer has constructed certain improvements and facilities intended for the common use and enjoyment of the owners of property at said subdivision; and

WHEREAS, it is and has been contemplated that Developer will convey certain improvements and common facilities to the Association to be owned, held and managed by the Association for the common use and benefit of the owners of property at the subdivision; and

WHEREAS, it is the intention of the parties, by this agreement, to set forth the terms and conditions of said conveyance and the relationship between the parties.

NOW, THEREFORE, in consideration of the mutual promises herein contained and in consideration of the mutual benefits to accrue hereunder, it is agreed and contracted as follows:

1. Effective Date. The effective date of this agreement and all instruments executed pursuant to this contract and to implement same shall be August 1, 1970, at 12:01 A.M.

2. Conveyance of Land by Developer and Reservation of Certain Lands and Rights by Developer.

(a) Developer agrees to transfer and convey by general warranty deed and the Association agrees to accept the surface only of all that certain real estate described in Exhibit "A" attached hereto, the same being located within the subdivision in Hood and Johnson Counties, Texas, together with the improvements therein. Said real estate as described in Exhibit "A" encompasses and includes the following: the streets and roads within the subdivision, the clubhouse and grounds, golf course, skeet range, landing strip, stables, a portion of the marina facility, entrance facilities, recreation areas 1, 2, 3, 4, and 5, and an unplatted parcel of land situated adjacent on the northwest to the clubhouse grounds, lying between the Brazos River and the tee box of No. 10 golf hole. Said conveyance will expressly except and reserve all mineral rights and riparian rights and will be subject to prior mineral reservations of record, flood easements, restrictive covenants, conditions and easements of record, if any, taxes for the current year, and any easements retained herein or hereunder, including an easement ten feet in width along both sides of all streets and roads for the construction and maintenance of utilities of every kind. Developer agrees to furnish to the Association an owner's title insurance policy in the amount of $1,750,000 covering the real estate described in Exhibit "A" subject only to the usual printed exceptions as to acreage, taxes and the like, and the above-described title exceptions.

(b) Developer reserves the right, which reservation shall survive the deed, to remove sand, gravel and fill material from the existing pit east of the stables, from the area west of the camping area north of Ravenswood Road and from "Sandy Beach" Recreation Area in Unit 8 of the subdivision. It is agreed, however, with respect to the removal of such sand, gravel and fill material, that:

(i) Material removed from the Sandy Beach area or the area west of the camping area shall be used only on Pecan Plantation Subdivision property as now or hereafter constituted, either on lots or in connection with construction or repair of streets and roads.

(ii) Material removed from the existing pit east of the stables shall be used only at the locations specified in (i) above or on property in the James W. Moore Survey, A-344, Hood and Johnson Counties, Texas, owned or partially owned by Lenmo, Inc., its successors and assigns.

(iii) Removal of material from the Sandy Beach area will be accomplished by reasonably uniform-depth scraping over a fairly large surface area so as to avoid deep pits or depressions.

(iv) Any area disturbed by removal of material will be reasonably restored so as to blend with the surrounding area, but without obligation to refill or restore to original surface level.

(c) Developer reserves and retains for itself and its predecessors in title all riparian rights and property rights necessary to support a claim for riparian rights by Developer or its predecessors in title, including but not limited to rights accrued, owned or claimed or hereafter adjudicated under Claim No. 3426, filed

August 29, 1969 with the Texas Water Rights Commission under the Water Rights Adjudication Act of 1967.

(d) Developer is retaining a tract of land located generally south and west of the Pecan Plantation Airstrip, said tract being described in Exhibit "A-1" attached hereto. With respect to said tract, Developer agrees that it will neither construct nor permit the construction thereon of any structure which would interfere with the usual and customary operation of the Pecan Plantation Airstrip.

(e) By separate agreements, copies of which are attached hereto as Exhibits "A-2" and "A-3", Developer is granting to the Association, under the terms and conditions specified therein, a preferential purchase option or right on Lots S, L-R, and a portion of Lot N, Unit Four, of Pecan Plantation.

3. Conveyance of Personal Property by Developer. Developer agrees to transfer and assign and Association agrees to accept all that certain personal property listed and described in Exhibit "B" attached hereto.

4. Assignment of Leases, Licenses, Easement Rights, Permits and Other Lands. Developer agrees to transfer and assign (to the extent they are transferable or assignable) and Association agrees to accept all those certain leases, licenses, easement rights, permits, and contractual rights which are listed and described in Exhibit "C" attached hereto, and Developer will convey by quitclaim deed certain other lands such as certain common areas and private access rights and the bridge across the Brazos River.

5. Warranties. Except for warranties of title, all land, improvements, equipment, and personal property are transferred and assigned and are accepted by the Association in "as is" condition. THERE ARE NO WARRANTIES, SPECIFIC OF IMPLIED,

BY DEVELOPER OR ANY OF ITS OFFICERS, SHAREHOLDERS, DIRECTORS, OR EMPLOYEES AS TO THE CONDITION OR FITNESS FOR USE OF ANY OF THE SAID PROPERTIES TRANSFERRED AND ASSIGNED HEREUNDER. Developer will transfer to the Association, to the extent they are assignable, express warranties, if any, by manufacturers or suppliers concerning any of the personal property or equipment assigned and transferred hereunder.

6. Restrictive Covenants. The parties acknowledge the existence and binding effect of certain restrictive covenants placed of record by Developer which prescribe or limit the uses of property within the subdivision, said restrictive covenants being listed and described by reference to recording information in Exhibit "D" attached hereto. Among other matters said restrictive covenants make provision for:

(a) An architectural committee (Paragraph III.B.1. of restrictive covenants). Subject to the exceptions herein noted, Developer does hereby delegate and assign to the Association the right to appoint the members of the architectural committee and to supervise its functions and Developer does further ratify and confirm any such appointments which are hereafter made by the Association. Association agrees that it will appoint such members and continue the activities of the architectural committee. It is provided, however, that Developer retains the sole and exclusive right and authority to review and approve plans for overall development and plans and specifications for proposed structures or alterations for apartment projects or condominium projects and to specify the maximum number of apartments or condominium units which may be erected on a lot where such improvements

are permitted under the restrictive covenants.

(b) Enforcement of the various restrictive covenants by dedicator (Developer) or any lot owner (Paragraph III.C.14. of restrictive covenants). Developer does hereby assign to the Association (to the extent same is assignable) a co-equal and co-existent right to enforce the provisions of said restrictive covenants without the joinder of Developer.

(c) Developer's voting rights - In accordance with the restrictive covenants and Association bylaws, Developer does hereby assign and surrender to the Association membership collectively Developer's heretofore reserved 75% voting rights but retaining full voting rights as to lots owned by Developer as hereinafter provided.

(d) Lot maintenance - As to certain lots, dedicator (Developer) has a reserved right to take over care and maintenance of lots that fail to conform to certain standards and to charge the cost thereof to the lot owner. Said reserved right (to the extent it is assignable) is hereby transferred and assigned by Developer to the Association.

(e) Miscellaneous discretionary rights - The restrictive covenants include several provisions under which, despite a general limitation or prohibition of an activity or use of property, the Developer (dedicator) has a discretionary right to permit exceptions, either on a general or individual basis. To the extent they are assign-

able or delegable, and subject to the rights herein retained by Developer, Developer does hereby assign and delegate to the Association the following discretionary rights and prerogatives (parenthetical references are to the restrictive covenants for Unit I as incorporated by reference as restrictive covenants for other units):

(i) To consent to removal of certain trees (Paragraph III.A.1.);

(ii) To designate areas where firearms may be used (Paragraph III.A.5.);

(iii) To approve non-standard exterior wall surface material (Paragraph III.B.3.);

(iv) To approve placement of structures (Paragraph III.B.4.);

(v) To permit a garage to face a street (Paragraph III.B.5.);

(vi) To regulate outbuildings and mechanical units (Paragraph III.B.6.);

(vii) To regulate mail boxes (Paragraph III.B.9.);

(viii) To regulate docks and boathouses (Paragraph III.B.13.);

(ix) To exercise preferential purchase rights (Paragraph III.C.4.);

Any and all discretionary rights, approval rights, enforcement rights and exemptions which are not specifically assigned to the Association herein are reserved and retained by Developer.

7. Voting Rights. Developer retains and reserves the right to one vote for each lot in the subdivision owned by it from time to time, including lots which may be hereafter

repossessed or reclaimed by Developer after default in payment by the purchaser thereof or lots otherwise reacquired by Developer.

8. Assessments. It is acknowledged that, under the provisions of the restrictive covenants, the owners of lots in the subdivision are liable for assessments (or charges in lieu thereof where the owner is not a member of the Association) payable to the Association to support the Association's facilities and activities. It is further understood, acknowledged and agreed that lots now or hereafter owned by Developer (specifically including, but not limited to, lots repossessed, reclaimed or otherwise reacquired by Developer) are not and shall not be subject to any assessment or charge in lieu thereof by the Association during the time of Developer's ownership (or successive ownerships) thereof.

9. Assessments and Voting Rights on "Wholesale Lots." A "wholesale purchaser for resale" is a purchaser who buys from Developer in a single transaction at least ten of the lots restricted for use as single family dwellings then owned by Developer, where such lots are purchased for the purpose of resale to the general public or to builders. Each lot initially purchased by a "wholesale purchaser for resale" and each lot subsequently purchased from Developer by such purchaser shall be deemed a "wholesale lot" until resold. No assessment by the Association shall be levied or collected with respect to "wholesale lots" except as follows:

(a) The owner of "wholesale lots" shall pay, with respect to such "wholesale lots," one assessment (the assessment levied from time to time with

respect to one lot in the subdivision), which shall entitle such owner to designate one individual to use of Association facilities as a member.

(b) Each "wholesale lot," on an individual lot basis, shall become liable for the regular assessment then in effect beginning with the nineteenth (19) month after such lot became a "wholesale lot"; that is, the status of a lot as a "wholesale lot" shall terminate after a lot has occupied such status for eighteen (18) months.

The owner of "wholesale lots" shall be entitled to one vote as a member for each lot owned upon which an assessment is being paid.

10. Developer's Access to Subdivision and Sales Activities.

(a) Sales Office. It is recognized and acknowledged that, under the provisions of the restrictive covenants, Developer has a reserved right, therein unlimited in duration, to use any lot or lots in the subdivision owned by it for a sales office location, but Developer agrees said reserved right shall terminate and expire twenty-five (25) years from the date hereof. Developer agrees that it will utilize only one sales office facility at any point in time, the location of which may be changed from time to time, and such sales office facility will be located on contiguous lots. Developer may transfer its rights to or share its rights in such sales office with one or more "wholesale purchasers for resale."

(b) Reserved Access Rights. Developer reserves and retains for itself, its officers, agents and employees, and for the agents or employees of a "wholesale purchaser for resale," a free and unlimited easement and right of access on and across subdivision streets and roads and to the clubhouse and other recreational facilities for the purpose of showing subdivision property and facilities to Developer's (or "wholesale purchaser's") customers or prospective customers.

(c) Access to Subdivision by Prospective Customers. "Prospective Customers" include any persons (other than members of the Association or a member's guests) arriving at a subdivision entrance seeking access, specifically including, but not limited to, persons who arrive as a result of some special promotional activity conducted by Developer. All prospective customers shall be allowed access to the subdivision and shall be directed in a courteous manner to Developer's sales office or facility. Developer shall have the right to have a representative present at any entrance gate or facility to assist in the identification and handling of prospective customers.

(d) Use of Facilities by Prospective Customers. Association agrees that upon specific request from time to time by Developer, Association will grant guest privileges to Developer's prospective customers or otherwise permit their use of Association's facilities for periods of time not exceeding three (3) successive days; provided, Association shall not be obligated to make available more than five guest

rooms at any one time for this purpose. The charges for use of guest room facilities by such prospective customers shall not be greater than those charged to members of the Association, and the charges or fees for other activities (green fees and the like) shall not be greater than the lowest charges or fees for guests of members of the Association. Developer shall be responsible for the conduct and payment of charges for such prospective customers in the same manner and the same degree as a member is responsible for guests of such member.

(e) Use of Facilities by Developer's Agents and Employees. Subject to the limitations stated herein, Developer's development manager, all of Developer's officers, and such of Developer's agents and employees who are actively engaged in sales and promotional activities at Pecan Plantation shall be entitled to use of all Association facilities, paying only for the use of facilities for which a use charge is levied on members of the Association and at the same rates as members, but no monthly assessment will be due with respect to such persons; provided, such persons shall pay any special fee required to be paid to comply with laws or regulations of the State or other governmental agency by reason of use of any of Association's facilities by such persons. For the first two years following the date hereof, such use privileges shall be extended to no more than fifteen (15) persons at any one time; for the third and fourth years, ten (10) persons; and for the

fifth and sixth years five (5) persons. Both during and after such six-year period, upon request by Developer, such use privileges shall be permitted for additional officers, agents, or employees of Developer, conditioned upon payment of the regular monthly membership assessment for each of such additional persons. Developer will, from time to time, furnish to Association the names of the persons entitled to use privileges hereunder. The use privileges of any such officer, agent or employee are subject to revocation by the Association for improper conduct or behavior determined by the Association Board of Directors to be detrimental to the Association. Developer shall be responsible for the conduct and payment of charges for such officers, agents and employees in the same manner and degree as an Association member is responsible for the member's guests.

(f) Honorary Lifetime Memberships. The Association agrees to grant nonassessment bearing honorary lifetime memberships to Developer's principal officers: O. P. Leonard, O. P. Leonard, Jr., R. W. Leonard, Leland A. Hodges, and James E. Anthony. Said honorary members shall not have voting rights as members of the Association and their memberships shall not be transferable.

(g) Interpretation. It is the intention of the parties that the provisions of this Paragraph 10 (and any other provisions herein dealing with Developer's

continuing sales activities) shall be liberally construed and interpreted to permit Developer to continue its sales activities of lots owned by Developer in substantially the same manner as prior to this agreement.

11. Covenant Not to Compete. Association covenants and agrees that it will neither use nor permit the use by others of any part of the property conveyed to the Association for the purpose of operating any real estate business office. This covenant and prohibition shall remain in effect for so long as Developer owns and has available for sale at least fifteen (15) lots at the subdivision; provided, this covenant shall expire in any event seven (7) years from the date hereof. This covenant does not prohibit the Association from disposing of subdivision property hereafter acquired by it through lien foreclosure or conveyance in lieu of lien foreclosure, where the disposal of such property is handled by listing same for sale with outside brokers or by casual and informal efforts of the Association's full-time employees.

12. Association Membership. The Association agrees it will establish and maintain in effect a procedure for approving or disapproving applications by prospective purchasers of property for membership in the Association and further agrees that approval of such applications will not be unreasonably or arbitrarily withheld. The Association further agrees that it will act on such applications and notify Developer of its decision promptly after submission of the application, not to exceed three days from the date the application is submitted.

13. Proration of Taxes, Rentals, and Fees. Ad valorem taxes, rentals, and prepaid permit or license fees will be prorated to the effective date of this agreement.

14. Delinquent Accounts. It is recognized that the Association's lien on any lot to secure the assessments (or charges in lieu thereof) on such lot is subordinate and inferior to a mortgage lien, including the superior title or vendor's lien retained by Developer on installment land contract sales. It is further recognized that a purchaser who is delinquent in paying mortgage installments or land contract installments may also be delinquent in payment of assessments, or vice versa and that upon foreclosure of a mortgage or repossession under Developer's land contract, the Association's lien is cut off. It is therefore in the interest of both parties to exchange information concerning problem or delinquent accounts. Developer and the Association will therefore cooperate, work together and exchange information concerning delinquent accounts owed to either by any property owner. The Developer will, from time to time and at intervals agreed to between Developer and Association, furnish reports to the Association listing accounts which are in excess of 90 days delinquent or which, in the opinion of Association, are problem accounts. Association agrees to furnish similar reports to Developer, upon request, regarding accounts of property owners upon whose lots Developer holds a lien or security interest to secure payment of the purchase price of the property. It is provided, however, that neither Association nor Developer shall be obliged to furnish such information or reports if advised by counsel that to do so would violate any applicable law or regulation or subject the entity furnishing the report or information to any registration or similar obligation to any governmental agency.

15. Limited Guaranty of Assessments and Charges. Developer agrees to guarantee the payment to the Association of the first two months' assessments accruing on a lot purchased from Developer (not including "wholesale lots") and other charges made by such purchasers during the first two months after contract validation date; provided, Developer shall not be liable hereunder for more than $100 in the aggregate (assessments plus charges) for any one purchaser. Developer shall not be liable under this limited guaranty unless the Association has made a bona fide attempt to collect such amounts from the purchaser short of filing suit and unless such purchaser has been suspended from or deprived of membership in the Association. In no event shall Developer be liable on said guaranty unless it receives written notice of circumstances under which such guaranty obligation would arise hereunder within one year after the contract validation date.

16. Existing Agreements with Purchasers. It is understood that Developer, in connection with its land development and sales program, has made agreements with certain purchasers of lots with reference to payment of the Association assessments. These agreements have generally been made where the purchaser acquired more than one lot.

(a) In reviewing its records, Developer has determined that there are in existence at least those special agreements which are listed and described on Exhibit "E" attached hereto. The Association agrees to honor all such agreements.

(b) Also included in Exhibit "E" is a list of all persons who presently own two contiguous lots in the subdivision. With respect to said owners of

contiguous property, the Association agrees that:

(i) If each of such contiguous lots is suitable for a homesite under normal conditions and without extraordinary site preparation work, then each such lot will bear the maintenance assessment levied by the Association from time to time until such contiguous lots are committed to use as a single homesite by construction of permanent improvements across the common lot line, at which time only one assessment will be due, as if the two contiguous lots had been replatted into one lot.

(ii) If Developer certifies that one of the contiguous lots is not suitable for a homesite under normal conditions and without extraordinary site preparation work, then, from the date of such certification and so long as the lot remains in that status, only one assessment will be due, as if the two contiguous lots had been replatted into one lot. It is provided, however, that this special provision for assessment of such lots shall continue in effect only so long as the two lots are owned by one person.

(c) Where two contiguous lots hereafter become owned by one person and one of the lots is certified by Developer to be unsuitable for a building site as in (b)(ii) above, then such lots shall be assessed as is provided in (b)(ii) above.

(d) It is understood and agreed by Developer that with respect to contiguous lots, both of which contain suitable building sites, hereafter acquired by one person, both such lots shall bear assessments unless otherwise agreed by Association.

17. Road Improvement Fund. It is recognized that at present there are a few cul-de-sacs and lightly traveled streets which may have deteriorated somewhat due to light traffic, but which it would be unwise and uneconomical to repair at present because they would again unduly deteriorate due to lack of traffic. Developer will deposit the sum of $5,000 in a special, interest bearing escrow account which shall be used only upon Association's request and for the purpose of paying for repair work on such above described streets, said fund being accepted as full payment for Developer's obligation, if any, to repair such roads. The timing of such repair work shall be at the Association's discretion, ~~but shall be completed not later than three years from date. If there are funds remaining in the escrow account (original principal or interest) after all such repair work has been completed and paid for, such excess will be released to the Association for its general fund.~~

18. Accounting for Revenue and Expenses. Entitlement to revenues and liability for expenses shall, as hereinafter provided, be divided as of the effective date.

(a) Prior to Effective Date. Association revenues received or accrued prior to the effective date belong to Developer and all costs and expenses incurred with Developer's approval and accrued prior to the effective date are liabilities of Developer.

(b) Accounts Receivable. All accounts receivable shown on the books as of the effective date belong to Developer.

(c) Subsequent to Effective Date. Except for the above accounts receivable, all Association revenues received, earned, or accruable after the effective date shall belong to the Association, and all expenses and liabilities incurred after the effective date shall be the Association's sole liability. Association agrees to account for the business of the Association in accordance with usual and customary accounting practices. The Association will collect for Developer's account the accounts receivable belonging to Developer, employing usual and customary collection procedures and will promptly pay the accounts payable incurred prior to the effective date. Extraordinary collection procedures for Developer's accounts receivables, such as filing lawsuits, will be used only upon request by Developer and such proceedings will be at Developer's expense. Association will render, at least monthly, a settlement of accounts between it and Developer and will pay over therewith any amounts due to Developer.

19. Food and Beverage and Other Expendable Inventories. The complete inventory of food and beverages, office supplies, and expendable supplies for the swimming pool, golf course, and other facilities, existing as of the effective date will be sold and transferred to the Association at cost.

20. Insurance. As of the effective date hereof, the Association will be responsible for obtaining insurance coverage (fire and casualty, windstorm, premises liability, etc.) for the property and improvements conveyed hereunder. Association

specifically covenants and agrees that it will obtain, and keep in force for at least three years from the date hereof, fire, windstorm, and extended coverage casualty insurance covering the clubhouse/inn at its replacement cost value, and that in the event of casualty loss to such building, the insurance proceeds will be used to the extent necessary to repair or replace the clubhouse/inn to restore it to its condition prior to the destruction or damage.

21. Notification to Developer. Until such time as Developer gives written notice that such notification is no longer necessary, but no longer than ten years from date, the Association agrees that it will give Developer at least 30 days advance written notice of any proposal for any material change in Association's activities or financial matters including, but not limited to, an increase in assessments, the abandonment or substantial curtailment of any common or recreational facility owned by the Association, or the imposition or increase of any fee for the use of any such facility.

22. Pecan Orchard. The subdivision adjoins and almost completely surrounds land (including a commercial farm operation) presently owned and/or operated by entities or persons related to Developer. The present owners of said property and their successors and assigns will require access rights over and across the Association's streets and roads and through the Association's security gate facilities and will further require landing rights at the Association airstrip for crop-spraying planes and otherwise. In addition, there are other matters of mutual concern between the Association and the owners of such property which

require agreement. All these matters are being covered in a separate agreement attached hereto and marked Exhibit "F."

23. Additional Development. It is acknowledged that under the provisions of the restrictive covenants, Developer has the right and option to develop and subdivide additional lands as part of Pecan Plantation. It is recognized that the Association has an interest in the extent of such future development so as to avoid overcrowding of Association facilities and to limit the Association's responsibility for maintenance of additional facilities. Therefore, to protect the respective interests of the parties it is agreed that:

(a) Developer expressly reserves the right, but has no obligation, to subdivide and develop, as part of Pecan Plantation, lands presently owned or hereafter acquired by Developer which are contiguous to Pecan Plantation as presently situated. These lands include the pecan orchard lands, a small area near the marina, land adjacent to the airstrip, and land on either side of the road leading from the main entrance gate to the Brazos River bridge. It is understood that such subdivision and development may consist in whole or in part of single family residential lots, multi-family unit lots or commercial lots or tracts and may include additional roads and additional recreational facilities. Developer agrees that no commercial property included in such additional development/subdivision will be located nearer than two hundred (200) feet to

any property now subdivided as part of Pecan Plantation which is restricted to residential use.

(b) The Association agrees that purchasers of such additional subdivided property from Developer shall be eligible for membership in the Association on the same basis as owners of property in Pecan Plantation as now constituted. The Association further agrees that it will accept from Developer any conveyance or assignment of additional roads or other facilities associated with such additional development, provided the same shall be constructed to standards reasonably equivalent to comparable facilities conveyed hereunder and shall be in good condition and not in need of repair at time of conveyance; provided, at least 25% of such additional subdivided tracts must have been sold at time of such conveyance.

(c) Developer agrees that it will not, without the Association's prior consent, subdivide and develop additional lands as part of Pecan Plantation exceeding 300 acres or which would result in the addition of additional members of the Association which would cause the total membership to exceed 3,000.

(d) It is understood that in property presently platted and developed as part of the subdivision where multi-family unit construction is permitted (Unit IV), the developer of such tracts may install access roads within such tracts. The Association agrees

that it will accept from the developer of such property a conveyance of such access roads to be part of the subdivision streets and roads provided that:

(i) Such road has been constructed to standards equal to those of the other subdivision roads (except the width need not exceed twenty feet); and

(ii) Such road is in good condition and in need of no repair at the time of conveyance.

24. Access to Third-Party Tract: There is a small tract (approximately 12 acres) located adjacent to Unit IX which is owned by neither Developer nor any related entity. The only access at present to this tract is via Pecan Plantation roads. To avoid possible legal entanglements concerning access rights, it has been Developer's policy to allow the owners of such tract access across Pecan Plantation roads. The Association agrees to continue such policy and to permit the owners of such tract free and reasonable access to their property across the Association roads.

25. Use of Trade Name. Developer has conducted and is conducting business under the trade name and assumed name "Pecan Plantation" and intends to continue to do so. Developer has also used and intends to continue to use in its business a distinctive trade symbol or logotype, a representation of which is shown on Exhibit "G" attached hereto. Developer agrees to allow the Association to use the logotype on its letterhead, clubhouse menus, monthly bulletin, and similar materials customarily used in a country club operation. It

is expressly agreed and stipulated, however, that the Association will never use, permit the use of, or sponsor the use of the Developer's trade name "Pecan Plantation" or the logotype in connection with or for the promotion of any commercial activity, business or enterprise of any kind unless Developer's prior written approval has been obtained.

26. Release. The Association agrees and acknowledges that from and after the effective date hereof it is solely responsible for the operation, maintenance, upkeep and management of the properties conveyed to it hereunder. The Association further acknowledges and agrees that from and after the effective date hereof, Developer is forever released and absolved of any and all responsibility or liability for the cost and expense of operating, maintaining and managing the properties conveyed and transferred to the Association hereunder. Developer represents that, at the effective date, there are no claims outstanding against the Association.

27. Utilities. Association acknowledges that utility services are presently furnished at the subdivision by Texas Power and Light Company (electricity), Southwestern Bell Telephone Company (telephone), and Tarrant Utility Company (water and partial sewer service), all of said utilities furnishing service under certificates of convenience and necessity issued by the Texas Public Utilities Commission. Association further acknowledges that there are dedicated utility easements in the subdivision which include (but are not limited to) the streets and roads and a strip ten feet in width along street and roads for the construction, installation, and maintenance of utilities. Association further agrees as follows:

(a) The utility companies and their agents and employees will be afforded free access to the subdivision to conduct their business;

(b) Where necessary to install, extend, maintain, or repair any utility line or facility, the utility company may cross the golf course, parking lots, recreational areas, streets or roads, or any other property owned by the Association without being required to obtain any permit or pay any fee or charge other than the repair of the damage to any such Association property caused by such work;

(c) The permit for the operation of the sewage treatment plant requires disposal of the effluent therefrom "on premises" and discharge into the river or any body of water is not permitted. The design of the system contemplates that the effluent will be disposed of by using same for irrigation of the golf course and the treated effluent from the sewage treatment plant at the subdivision has heretofore been used to irrigate the Pecan Plantation golf course. Association agrees that it will continue to accept, for disposal, all such treated effluent. The Association will dispose of the effluent by using same to irrigate the golf course, using such effluent for irrigation in preference to water available from any other source, unless it has reasonably been determined and certified in writing by an independent third-party having expertise in such matters that, due to abnormal or unusual conditions, the grass on the golf course

would be substantially and seriously damaged thereby. Should such conditions ever occur, the Association will immediately notify Tarrant Utility Company, will permit Tarrant Utility Company to pump the effluent into the existing lake located on hole Number 9 of the golf course, and the Association will, at its cost, pump and transport the effluent from such lake to an alternate disposal site located east of the tie-down facilities at the Pecan Plantation Airstrip.

28. Tax Reporting. The Association is responsible for the timely preparation and filing of any and all tax reports or returns due after the effective date hereof. Some of Developer's prior tax returns have included, as deductions, Developer's reimbursement for Association's operations. Association agrees that it will make available to Developer for inspection and copying Association's financial records in its possession generated prior to the effective date where Developer has need of and requests such records in connection with any tax audit or similar matter. Association further agrees to retain any such financial records designated by Developer for the period of time necessary for same to be available for any tax audit of prior years.

29. Liaison With Developer. In the interest of affording a smooth transition in the management of the Association's facilities and to encourage awareness of issues of mutual concern between the parties, Developer may, from time to time during the six year period following the effective date hereof, designate a representative to act as Developer's liaison with the Association.

Association agrees that such designated representative will receive notice of all meetings of the Association's Board of Directors and Executive Committee and will be permitted to attend and participate in all such Board or Executive Committee meetings in the same manner as if he was a member of the Board of Directors or Executive Committee, but without any right to vote. Developer's representative may be excluded from a meeting, upon motion and majority vote of the Directors or Committee members, during such time as there is under discussion or consideration by the Directors any matter involving a direct conflict between Developer and the Association.

30. Effectuating Documents. The parties agree to execute and deliver all such other and further instruments or documents as may be reasonably necessary to effectuate or properly evidence the terms and provisions of this Agreement.

31. Entire Agreement. This Agreement represents the entire agreement between the parties. All negotiations and prior discussions are merged herein and there are no further agreements, oral or written, between the parties affecting the subject matter of this Agreement.

32. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. In particular, any and all rights, privileges and entitlements belonging hereunder to Developer shall inure to the benefit of any entity with substantially the same ownership and control as Developer and to any successors or assignees in liquidation and dissolution of Developer. This provision is not intended and shall not be deemed to impose upon

any stockholder of Developer any personal duty or liability for any obligation of Developer hereunder.

33. Exhibits. All the exhibits referred to herein and attached hereto are incorporated herein by reference for all purposes, as fully as if set out verbatim in the body of the agreement.

34. Severability. Should any part, term or provision of this agreement be held or determined to be illegal or unenforcible, the validity of the remaining parts, terms and provisions shall not be affected thereby and shall remain in full force and effect.

EXECUTED in duplicate originals this 20TH day of July, 1978, but effective the first day of August, 1978, at 12:01 A.M.

REPUBLIC LAND COMPANY

BY: _____
President

PECAN PLANTATION OWNERS ASSOCIATION, INC.

BY: _____
President

INDEX TO EXHIBITS

EXHIBIT F

A G R E E M E N T

THE STATE OF TEXAS §
COUNTY OF HOOD §

AGREEMENT between Lenmo, Inc., a Texas corporation, (herein referred to as Lenmo), Obie P. Leonard, Jr., Margery Ann Hodges and Martha Jane Anthony, said corporation and individuals contracting herein as their interest may appear and hereinafter collectively referred to as Leonard Group, and Pecan Plantation Owners Association, Inc., a Texas nonprofit corporation, herein called the Association.

WHEREAS, under contemporaneous agreement, Republic Land Company d/b/a Pecan Plantation, an entity related to Leonard Group, is transferring and conveying to the Association certain properties and rights at Pecan Plantation Subdivision located in Hood and Johnson Counties, Texas; and

WHEREAS, Pecan Plantation Subdivision adjoins and almost completely surrounds property owned by Leonard Group and operated as a commercial pecan orchard and by reason of such location there are matters of mutual interest which require agreement between the parties;

NOW, THEREFORE, in consideration of the mutual agreements and promises herein contained, it is agreed as follows:

1. Access Rights and Easements. The Association agrees that Leonard Group and their successors and assigns, and their respective agents, employees (and their families) and business invitees shall have and there is hereby granted a perpetual easement and right-of-way for free and unencumbered access through the Association's security gates and on, over and across the Association's roads and streets at Pecan Plantation Subdivision for access from any public road or right-of-way to and from the Leonard Group property. The Association further agrees that Leonard Group and its agents and employees shall have

use of the Association's airstrip for aircraft conducting aerial spraying operations on Leonard Group property and for other purposes as set forth in paragraph 7 hereof. Said access rights and easements pertaining to the Association's streets and roads and airstrip are and shall be deemed an appurtenance or servitude running with the ownership of all or any part of the Leonard Group land, said land being:

> All the land now owned of record by Lenmo, Inc., Obie P. Leonard, Jr., Margery Ann Hodges, and Martha Jane Anthony, or any of them, in the James W. Moore Survey, Abstract 344, Hood County, Texas, Abstract 1260, Johnson County, Texas;

said land being referred to herein as "Leonard Group land". It is agreed that this grant of right-of-way and easement rights through, over, and across the above roads and facilities is in addition to and not in substitution for any access right or easement right accruing to Leonard Group under any applicable rule of law, such as an easement by way of necessity. The Association further agrees that it will, upon request from time to time by any owner of all or any part of the Leonard Group land (surface or minerals), execute in recordable form and deliver such further special or specific easement agreements or grants as may be required by any lender, title examiner, governmental agency or other person or entity having an interest in the subject matter, such further easement agreements or grants to clarify or confirm the right of ingress and egress to such Leonard Group land from any public right-of-way through the Association's security gates and on, over, and across the Association's streets and roads.

2. Maintenance Contribution. Lenmo, Inc. (not the other members of Leonard Group) agrees to pay to the Association a portion of the actual direct cost of maintaining the Association streets and roads and airstrip and operating the Association's security services, such portion being determined as follows:

(a) The actual direct cost of maintaining the Association's streets and roads and airstrip and operating the Association's security services shall be determined annually, as of and at the close of the Association's fiscal year in accordance with accepted accounting practices.

(b) Lenmo's contribution shall be five percent (5%) of such actual direct maintenance and operating costs, which shall be due and payable annually within thirty (30) days of receipt of invoice for same; provided, upon request by the Association, Lenmo, Inc. will pay on a monthly basis 1/12 of the estimated budgeted direct costs with adjustment to be made at year end for overpayment or underpayment resulting from payment of such estimated amounts. No maintenance contribution will be due for the fiscal year ending in 1978. Lenmo, Inc. shall be entitled upon request to review and audit all records and calculations used by the Association in determining such actual direct costs.

(c) When and if all or any part of Leonard Group land is conveyed to any third party, then the owner of each such segregated parcel out of Leonard Group land shall be automatically obligated to pay annually to the Association, as his contribution to the direct costs described in (a) above, a sum equal to the annual membership assessment levied by the Association for a single-family residential lot at Pecan Plantation.

(d) In the event that Leonard Group continues to own

a portion of the Leonard Group land and a part thereof is owned by third-parties, then the maintenance contribution from Lenmo, Inc. as set forth in (b) above shall be reduced on account of the maintenance contributions by third-party owners (as set forth in (c) above) in the manner set forth in this subparagraph. The ratio which the annual total Association membership assessment receipts [A] plus the maintenance contributions received from owners of segregated parcels under subparagraph (c) [C] bears to the annual direct maintenance and operating costs [M] is a fraction representing the portion of such direct maintenance and operating costs contained in such membership assessments and third-party contributions. This fraction, when multiplied by the total of the maintenance contributions received from owners of segregated parcels [C] yields an amount [Y] which shall be credited as a reduction of the maintenance contribution otherwise due from Lenmo hereunder. Expressed as a formula, the reduction is computed as follows:

$$\frac{M}{A + C} \times C = Y$$

(e) In the event all of the Leonard Group land has been conveyed to one or more third-parties and, then Lenmo, Inc. may, in its discretion and at its election, retain the obligation to pay the "residual" maintenance contribution as computed in subparagraph (d) above, or Lenmo may assign or transfer such obligation proportionately to the successor owners of the Leonard Group land.

(f) Payment of the maintenance contribution shall never be deemed a condition to use of the access and easement rights by Leonard Group or any third-party owner. In the event of nonpayment or dispute over the proper amount of same, the Association may seek recovery of same in the Courts, but no such dispute or default shall operate to work a forfeiture or limitation of the easement and access rights, nor shall the owners thereof be hindered in the free exercise thereof.

(g) Other than the foregoing annual maintenance contributions, no user of the Association's streets and roads or airstrip pursuant to the easements and access rights reserved and granted herein or hereunder shall be charged any fee or assessment for such use. Such user, however, shall be obligated to reimburse the Association for the reasonable cost of repairing any visible, immediately apparent damage to a road or to the airstrip (in no event to include ordinary wear and tear) caused by a vehicular or aircraft accident or by unusually heavy equipment, vehicles or aircraft.

(h) The obligation herein assumed by Lenmo (or any successor owner) to make the herein stipulated contribution to the Association's actual cost of maintenance of a facility shall lapse and terminate if:

(i) The Association's streets and roads or airstrip shall become owned and/or maintained by any governmental body or municipality; or

(ii) The Association ceases the maintenance of the streets and roads or airstrip or to pay the cost of such maintenance.

(i) In the event there should ever be more than 250 third-party owners of segregated parcels out of Leonard Group land, then the owners of such land shall, upon request by the Association, proceed with reasonable dispatch to commence and construct the alternate access facilities provided for in paragraph 3 hereof.

3. Alternative Access. In order to preserve an alternative means of separate access to Leonard Group land, it is contemplated that Republic Land Company will retain (or convey to some member of Leonard Group) all or part of Lots 4, 5, and 257, Unit One. Leonard Group or any member of said group or their respective successors and assigns shall have the right at any time to elect to install such separate, alternative access route which would consist of a road exiting from the present main entrance road south of the river bridge and north of the Association's relocated security gate (which would be moved from its present location just off F. M. Road 1190 to a point between said exit road and the circle), then across portions of Lots 4 and 5, then through an underpass under Westover Drive, then across Lot 257 onto Leonard Group land, together with road crossing locations (via underpass or overpass) on Monticello Drive and Wedgefield Road and across a portion of the airstrip property, all as depicted for illustrative purposes on Exhibit "B" attached hereto. The ultimate result to be achieved by such alternative access would be to afford ingress and egress to Leonard Group property while preserving the integrity of Association's security; that is, the alternate access would be so designed as not to permit interchange between such routes and the Association's streets and

roads. It is presently contemplated that Leonard Group would not opt for such alternative access unless a development of Leonard Group land separate and apart from Pecan Plantation is undertaken, but such alternative access may be opted for at any time and for any reason. In the event Leonard Group elects to install such alternative access, the following provisions shall be applicable:

(a) Association agrees that it will relocate its security gate facility to the approximate location shown on Exhibit "B" attached hereto. Leonard Group will pay the cost of such relocation.

(b) Association will permit and does hereby grant to Leonard Group and its successors and assigns an easement and right-of-way to install underpasses or overpasses under or over Association's streets and roads (in particular Westover Drive, Monticello Drive and Wedgefield Road) at the approximate locations depicted on Exhibit "B". In addition to bearing the cost of installing such road crossings, Leonard Group will restore Association's streets and roads damaged or disturbed by such work to their condition prior to commencement of such work.

(c) Association does hereby consent to the installation of such alternate access road on and across Lots 4, 5 and 257, Unit One and on and across the northern portion of the property adjacent to the airstrip, all as depicted on Exhibit "B", provided, such easement across the airstrip property shall, to the extent possible, be confined to the access easement already reserved to Leonard Group.

(d) At the time the alternate access is completed and placed in service, all the easement and access rights

provided for in paragraph 1 shall terminate (except as provided in this subparagraph and in subparagraph (e) below) and all the maintenance contribution obligations as set forth in paragraph 2 above shall cease and no further maintenance contribution as described in paragraph 2 shall be due to the Association except as follows:

(i) The easement and access rights shall remain in effect and the Association shall continue to be responsible for the maintenance of the remaining common access road, being the road extending from F.M. Road 1190 south to the relocated security gate and including the Brazos River Bridge. The owners of Leonard Group land will be obligated to reimburse the Association annually for one-half of the actual direct costs incurred in maintaining said remaining common access road.

(ii) Should Leonard Group desire to continue to use the airstrip, Lenmo shall reimburse the Association, on an annual basis, for a reasonable share of the actual direct cost of maintaining the airstrip based on relative usage thereof, but in no event shall Lenmo's share exceed one-half of such actual direct maintenance cost.

(e) Should the main entrance facility off F.M. Road 1190 become reasonably impassible or unusable by ordinary vehicles due to high water conditions, closing of the bridge for repairs or maintenance

or for any other cause, then the owners of Leonard Group land shall have the right during the time such condition exists to enter the Association's west gate (via F.M. Road 3210) and utilize such of the Association's streets and roads as may be necessary to afford the most direct practicable access to Leonard Group land. Further, the Association agrees that such access route may be used by heavy or oversized vehicles or equipment when the use of the bridge by such vehicles or equipment would be inadvisable.

4. Area Surrounding Skeet Range. The attached plat marked Exhibit "A", shows the Association's skeet range, the area colored red being the land owned by the Association and the area colored blue being a "hazard zone easement." The "hazard zone easement" is owned by Leonard Group subject only to its agreement herein made that properly conducted skeet range activity, which may result in shot encroaching in said area, does not create a trespass. Association agrees that it will close the skeet range upon request by Leonard Group during any reasonable periods of time when it is necessary for personnel or equipment to be in the area for cultivation, harvesting, or otherwise in connection with use of said land.

5. Boundary Fence. There is a fence along or near all or most of the boundary line between property owned by Leonard Group and the Pecan Plantation Subdivision. Said fence is owned by Leonard Group and it is understood that Leonard Group may but is not obligated to use herbicides for control of weeds on its side of said fence. Leonard Group may, in its sole discretion, either keep and maintain such fence in good condition or remove same.

6. Association Memberships. Association agrees that it will approve applications for membership in the Association, (subject only to the usual criteria for membership excluding lot ownership) if and when submitted, for the present and future General Manager of Leonard Farms and for the Resident Manager and Assistant Manager of Leonard Bend Farms. Such memberships (or any of them) may be activated or deactivated from time to time and no assessment will be due with respect to an inactive membership. Such memberships shall be nonvoting (but shall have all other membership privileges and obligations) and shall bear the same monthly assessments charged from time to time for other members of the Association.

7. Pecan Plantation Airstrip. There is reserved and retained hereby, for the owners of Leonard Group land, their successors and assigns, and their agents, employees and business invitees an easement for use of the airstrip for aerial spraying operations on Leonard Group land and for all other purposes related to the operation of the Leonard Bend Farm. This includes, in addition to aircraft takeoffs and landings, the right to use the taxiways for access to adjacent Leonard Group property where chemicals will be stored, mixed, and loaded on such aircraft. Such chemical storage and mixing areas will be properly and safely fenced. Neither Leonard Group or the owners or operators of such crop-spraying aircraft shall be obligated to participate in any pilot's association or any other organization of users of the airstrip, nor shall they be obligated to observe any rules or regulations or guidelines promulgated by any such organization (or by the Association), but they shall be obligated to observe any applicable laws or regulations promulgated by the F.A.A. or any successor governmental agency having jurisdiction. Leonard Group agrees that the Association will be notified at least one hour in advance of any operations from the airstrip by crop-spraying aircraft so that other aircraft may be advised of such operations via the Association's Unicom facility.

8. Easements for Water Lines and Utilities. It is understood that at present there are water lines, electrical service lines and telephone service lines in place serving Leonard Group land which cross Association's streets and roads. Association hereby grants to Leonard Group and their successors and assigns an easement to cut and cross Association's streets and roads when and where reasonably necessary to accommodate presently existing utility service facilities and to repair and maintain same, and to install such other and further utility service facilities as may be necessary to service Leonard Group land. Where a street is cut for such purpose, the cut will be repaired to restore the disturbed portion of the street to its condition before the cut.

9. Irrigation Water for Golf Course. An agreement has been entered into with the Brazos River Authority (B.R.A.) under which the Association has agreed to purchase from B.R.A. 250 acre - feet of water per year. A true and correct copy of said B.R.A. contract is attached hereto and marked Exhibit "C". Said agreement contemplates that such water to be purchased from B.R.A. by the Association will be transported through facilities presently owned by Leonard Group. The purpose of this paragraph 9 is to set forth the agreement between the Association and Leonard Group on the terms and conditions under which the water purchased by the Association from B.R.A. will be delivered to the Association.

(a) Leonard Group agrees that it will utilize its existing facilities, upon receipt of request from the Association, to divert water from Lake Granbury pursuant to the aforementioned B.R.A. contract and transport same to the "delivery point" which shall be, unless otherwise agreed in writing, at the point on the delivery line where said line departs Leonard Group property downstream of a measuring

meter located near the existing storage reservoir which is encompassed by property in Pecan Plantation Unit 17. All of the facilities upstream of the delivery point (including the meter) are and shall continue to be owned and operated exclusively by Leonard Group. All facilities now or hereafter installed downstream of the delivery point to deliver the water to the golf course are and shall hereafter be owned, operated and maintained exclusively by the Association.

(b) For and in consideration of the above agreement to deliver water, the Association agrees to pay to Leonard Group, as the "base charge," the sum of $0.03 (3¢) per thousand gallons of water delivered to the Association hereunder. Said service fee shall be due and payable monthly within thirty (30) days after receipt of invoice for same. Unless otherwise directed, all such payments shall be made to Lenmo, Inc., as collecting agent for Leonard Group at 115 West 7th Street, Fort Worth, Tarrant County, Texas.

(c) The "base charge" described above will be adjusted annually to reflect any increase or decrease in the average cost of electric power to Leonard Group, it being understood that a major component of said "base charge" is the cost of electrical power to operate the pumps used to deliver the water.

(i) The "base rate" for electric power cost hereunder which is included in the "base charge" is $0.04274 per kilowatt/hour (Kwh).

(ii) As soon as possible after the first and

successive anniversary dates of this agreement, Leonard Group will calculate the average Kwh rates charged it for the preceding twelve-month period, and will notify the Association of the average rate thus determined. The "adjusted charge" for delivery of water for the succeeding twelve-month period shall then be determined by multiplying the "base charge" by a fraction, the numerator of which is the calculated average Kwh rate for the preceding twelve months, and the denominator of which is the "base rate." The Association will pay the "adjusted charge" thus determined until the next adjustment date, at which time the same procedure will be repeated. In addition, the charge for the delivery of water during the preceding twelve months shall be recomputed using the "adjusted charge" thus determined. If such computation for prior deliveries results in an additional charge to the Association, it will pay same within thirty days' after receipt of invoice. If such computation shows an overcharge, the amount of such overcharge will, at Leonard Group's option, be refunded or credited against subsequent charges due from the Association hereunder.

(iii) The Association shall be entitled, upon request, to inspect the records and calculations used in determining such "adjusted charge."

(iv) The volume of water delivered hereunder shall be measured at a meter located near the delivery point. In the event such meter is out of service, Leonard Group shall not be obligated

to deliver water hereunder unless the parties have agreed in advance on a method of estimating or measuring the volume delivered. Either party may, at any time, request that the meter be tested for accuracy. If such test is requested by the Association and the meter is found to be accurate within 3%, the cost of the test shall be borne by the Association, otherwise the cost of the test shall be borne by Leonard Group.

(d) Leonard Group is obligated to deliver hereunder only such water as may be lawfully and properly withdrawn from Lake Granbury pursuant to the Association's agreement with B.R.A. Nothing herein shall be construed as obligating Leonard Group to obtain or assist in obtaining for the Association any permit for the withdrawal of water pursuant to such agreement, nor shall Leonard Group be obligated to deliver to the Association any water which Leonard Group (or any other person or entity) purchases or is entitled to purchase from B.R.A. or any water owned or claimed by Leonard Group under riparian rights or otherwise. Leonard Group specifically reserves and retains all riparian rights owned or claimed by Leonard Group.

(e) In no event shall Leonard Group be liable to the Association for delay or interruption in delivery of water hereunder due to or resulting from equipment breakdown, repair or maintenance, loss of electrical power, labor disputes, Acts of God,

material or equipment shortages, force majeure or any other matter or causative force beyond the control of Leonard Group.

(f) It is understood that water for use on Leonard Group property is taken from the lake and transported through some of the same facilities used hereunder for delivery of water to the Association. To aid Leonard Group in coordinating uses of the facilities, Association agrees to give Leonard Group at least forty-eight (48) hours advance notice of desired deliveries of water to it. Unless such advance notice is given, Leonard Group shall not be responsible for delay in delivery of water to the Association where the facilities are being used for other purposes. It is further understood that during peak periods of need for irrigation water by both Leonard Group and the Association, it may not be possible to timely deliver the full quantities of water desired by both parties. In such situation, Leonard Group shall make a reasonable and equitable allocation between the parties of the available delivery capacity. Leonard Group shall never be deemed to have a duty to the Association hereunder or otherwise to install additional delivery capacity over and above that now in place.

(g) Leonard Group's obligation to deliver water hereunder shall continue only so long as Leonard Group is using or intends to use its facilities to deliver water for its own use; provided, Leonard Group agrees it will give the Association at least

one hundred eighty (180) days advance notice of its decision to abandon or cease use of such facilities.

10. Preferential Right of Refusal. As part of the consideration given by Leonard Group for this agreement, Leonard Group is granting to the Association a preferential option or right of refusal concerning certain acreage adjacent to the subdivision, all in accordance with the agreement attached hereto and marked Exhibit "D."

11. Interpretation. It is the intention of the parties that this agreement shall be liberally construed and interpreted to permit Leonard Group essentially unrestricted access to and use of Leonard Group land in substantially the same manner as prior to the conveyance to the Association of the streets and roads and other facilities.

12. Severability. Should any part, term or provision of this agreement be held or determined to be illegal or unenforcible, the validity and binding effect of the remaining parts, terms and provisions shall not be affected thereby and shall remain in full force and effect.

Executed in multiple originals this ___ day of _____, 1978, but effective the first day of August, 1978, at 12:01 a.m.

LENMO, INC.

BY: _____

_____
Obie P. Leonard, Jr.

_____
Margery Ann Hodges

PREFERENTIAL RIGHT OF REFUSAL AGREEMENT

STATE OF TEXAS §

COUNTY OF HOOD §

Agreement between Lenmo, Inc., Obie P. Leonard, Jr., Margery Ann Hodges and Martha Jane Anthony (herein collectively referred to as Leonard Group) and Pecan Plantation Owners Association, Inc. (herein referred to as the Association).

1. Preferential Right of Refusal Option. For and in consideration of the sum of Ten Dollars ($10.00) paid to Leonard Group by the Association and other good and valuable consideration, the receipt of which is acknowledged, Leonard Group does hereby grant to the Association the preferential rights stated herein with respect to a tract of land comprising 150 acres, more or less, as described by metes and bounds in Exhibit "A" attached hereto and incorporated herein by reference, said land being hereinafter referred to as the "Option Tract."

2. Term of Option. Unless sooner terminated under the provisions hereof, the Association's rights hereunder shall expire at 4 o'clock p.m. on the first day of August, 1983 unless Leonard Group shall have received from the Association, prior to said date and time, written notice of the Association's election to exercise its rights hereunder.

3. Association's Right to Match Competing Offer. If at any time during the term of this agreement Seller receives a qualified offer from some third-party to purchase the Option Tract, and Leonard Group is willing to accept such offer, Leonard Group shall promptly give written notice to the Association stating:

(a) That an offer to purchase has been received;

(b) That Leonard Group is willing to accept such offer;

(c) In summary form, the terms and conditions of such offer or, in lieu thereof, a copy of such offer.

The Association shall have thirty (30) days following receipt of such notice to elect to purchase the Option Tract on the terms and conditions stated herein. If the Association does not affirmatively elect to purchase the Option Tract, by written notice delivered to Leonard Group within said thirty (30) day period, the Association's rights hereunder shall automatically and irrevocably lapse and terminate and shall be null and void. Failure by the Association to respond in any fashion within said thirty (30) day period shall be conclusively deemed election not to exercise its rights hereunder.

4. Qualified Competing Offers. Only a bona fide cash purchase offer by a person or entity not related to or commonly owned in whole or in part by Leonard Group shall qualify as a competing offer triggering the Association's rights hereunder. No offer or proposal by a third-party to trade or exchange the Option Tract (with or without additional property) for property other than cash owned or to be acquired by such third-party shall be deemed a qualified competing offer hereunder. No sale, transfer or conveyance of the Option Tract by Leonard Group to any such related person or entity shall be deemed a competing offer. Further, if the qualified competing offer covers more than the Option Tract as is conditioned that such offeror will not conclude the purchase unless the Option Tract is included, the Association must, if it elects to exercise its rights herein, purchase everything encompassed by such competing offer. Further, should Leonard Group or any related person or entity undertake to subdivide and develop the Option Tract as a part of Pecan Plantation or otherwise, the Association's rights hereunder shall automatically thereupon lapse and terminate.

5. Sale. In the event the Association timely and properly elects to exercise the above option rights then, in such event, Seller agrees to sell and Buyer agrees to purchase the Option Tract (and anything additional encompassed in a conditional

competing offer as described above) on the terms and conditions hereinafter set forth.

6. Purchase Price. If the Association elects to exercise its option granted herein to match a qualified competing offer by a third-party as discussed in paragraphs 3 and 4 above, then the purchase price will be an amount equal to the qualified competing offer. If the competing offer is on terms other than all cash at closing, the Association may, at its option, elect to purchase on the same terms as set forth in the qualified competing offer. If the qualified competing offer encompasses more than the Option Tract but is not conditioned as described in paragraph 4, the purchase price for the Option Tract shall be computed strictly on an acreage basis, being a fraction of the competing offer price determined by dividing the acres in the Option Tract by the acres covered by the competing offer, whether or not such competing offer may encompass fixtures, improvements or personal property in addition to land.

7. Closing. This transaction shall be closed at a mutually agreed location in Hood County, Texas, on or before fifteen (15) days from the date that the Association exercises the option; provided, that if said 15th day shall fall on a Saturday, Sunday, or legal holiday, then in such event the deadline for closing shall be extended to the first business day after fifteen (15) days from the date the Association exercises the option.

8. Condition of Title. At closing, Leonard Group will convey marketable title to the land to the Association by general warranty deed subject to no liens, encroachments, or encumbrances other than the following:

(a) Existing zoning regulations and ordinances, if any;

(b) Real estate taxes accrued for the current year but not yet due and payable;

(c) Easements, rights-of-way, and restrictive covenants of record to the extent the same are then in effect.

(d) Any lien created at closing at the request of the Association to finance the purchase of this property;

(e) All the mineral estate will be retained by Leonard Group.

If the title company's title report reveals the existence of liens, encumbrances, or burdens other than those specified above, Leonard Group shall have a reasonable period of time, not to exceed twenty (20) days from the date of such title report, in which to cure title to meet the above standard. If such title objections have not been cured by the expiration of the said twenty (20) day period, the Association shall have the option, exercisable within five (5) days from the expiration date of the twenty (20) day period, to terminate this contract or to accept title subject to such exceptions or objections. In the absence of such timely written notice electing to terminate the contract, the Association will be deemed to have elected to proceed to closing the contract subject to such exceptions or objections.

9. Default by the Association. Should the Association wrongfully fail to close this transaction after having elected to exercise its option granted herein, the option shall automatically lapse and terminate.

10. Title Insurance. Leonard Group will furnish at closing an owner's title insurance policy in the full amount of the purchase price, said policy to contain no exceptions other than those set out in paragraph 8 above and the usual printed exceptions, provided, the Association may elect to waive any additional exceptions.

11. Possession. Possession shall be delivered to the Association at closing.

12. Taxes. Real estate taxes for the year in which closing occurs shall be prorated to date of closing.

13. Closing Costs. Leonard Group will pay the cost of the owner's title insurance policy. All other closing costs shall be apportioned between the parties according to the customary practice in Hood County, Texas.

14. Notices. Notices called for under this Agreement shall be furnished to the parties at the following addresses unless said address is changed by notice in writing:

To Association: _____

_____

_____

To Leonard Group: 115 West Seventh Street
Fort Worth, Texas 76102
Attention: Leland A. Hodges

All notices shall be in writing and shall be personally delivered or mailed by registered or certified mail.

15. Binding Effect. This Agreement is binding upon the parties and their respective heirs, successors and assigns; provided, however, that if the Option Tract is transferred or conveyed to some non-related third-party under conditions wherein such acquisition was not pursuant to a qualified competing offer as herein defined, this agreement and the Association's rights hereunder shall terminate at the time of such transfer or conveyance and neither such non-related third-party nor his heirs, successors or assigns shall have any obligations whatsoever hereunder.

16. Option Not Assignable. Neither this agreement nor the preferential rights granted to the Association hereunder, may be assigned, transferred, pledged or given as security by the Association without Leonard Group's consent having first been obtained in writing. Any attempted assignment,

transfer, pledge or security agreement without such consent shall be null and void.

EXECUTED this _____ day of _____, 1978.

PECAN PLANTATION OWNERS ASSOCIATION, INC.

ATTEST:

_____

BY: _____

LENMO, INC.

BY: _____

_____
Obie P. Leonard, Jr.

_____
Margery Ann Hodges

_____
Martha Jane Anthony