

STATE OF TEXAS §

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COUNTY OF HOOD §

SECOND ADDENDUM TO 1992 LENMO AGREEMENT

This Second Addendum to the 1992 Lenmo Agreement (this "Second Addendum") is entered into as of the 8 day of November, 2001 (with the Effective Date as defined in Section 7 herein), by and between Pecan Plantation Owners Association, Inc., a Texas non-profit corporation ("Association"), and Lenmo, Inc., a Texas corporation, Orchard Plantation, L. P., a Texas limited partnership (for itself and as successor to Super J Corporation), Nutcracker Golf Club, Inc., a Texas corporation ("NGC"), James E. Anthony, Martha Jane Anthony, Martha Ann Prioleau, James Matthew Anthony, Mark Edward Anthony, John Wooldridge Anthony, and Sarah Jane Gentry, each individually and as successors-in-interest to Panoramic Corporation, a dissolved Texas corporation (all such individuals and entities other than the Association are collectively referred to herein as the "Anthony Group").

WHEREAS, the Association and the Anthony Group (other than NGC) entered into that certain Agreement (the "Anthony Lenmo Agreement"), executed on November 2, 1992, but effective on January 1, 1992, and recorded at Volume 1374, Page 555, and re-recorded at Volume 1375, Page 787, Deed Records of Hood County, Texas;

WHEREAS, the Anthony Lenmo Agreement currently provides that the Anthony Group will not, without the Association's prior consent, subdivide and develop additional lands as part of Pecan Plantation or adjacent to it which would cause the total membership of the Association to exceed 3,000 members;

WHEREAS, pursuant to that certain Addendum to Agreement (the "First Addendum") dated November 15, 1997, entered into between the Association and the Anthony Group (other than NGC), and recorded at Volume 1562, Page 812, Deed Records of Hood County, Texas, the Anthony Lenmo Agreement was modified to clarify that the Association's prior consent to an increase in the total membership of the Association above 3,000 members would be determined by a simple majority vote of the Association's eligible members voting at a meeting held in accordance with the Association's Bylaws;

WHEREAS, on March 7, 1998, the Association amended its Bylaws to include a provision that the membership's consent to an increase in the membership beyond 3,000 members shall be expressed only by a simple majority vote of each eligible member of the Association present and voting at either a special meeting or an annual meeting held in accordance with the Bylaws;

WHEREAS, a special meeting of the Association was held in accordance with the Association's Bylaws on December 2, 2000 to vote on authorizing the Association's Board of Directors to enter into an agreement with the Anthony Group to increase the

Association's total membership to no more than 4500 members by allowing the Anthony Group to develop its pecan orchard land located within the interior of Pecan Plantation into no more than 1,500 residential lots and certain amenities;

WHEREAS, a majority of the Association's members voting at such meeting authorized the Association's Board of Directors to enter into such an agreement with the Anthony Group;

WHEREAS, the Association and the Anthony Group desire to enter into this Second Addendum for the purpose of evidencing the terms and conditions of the agreement reached between the Association and the Anthony Group with respect to the increase in the Association's membership.

NOW, THEREFORE, in consideration of the above premises and the mutual agreements set forth herein, the Association and the Anthony Group agree as follows:

Section 1. Additional Memberships.

1.1 The Association shall establish and reserve up to 1,500 additional memberships in the Association (the "Additional Memberships") so that the total authorized membership of the Association will be 4,500 members. The Additional Memberships shall be attached to the lots that will be developed by the Anthony Group from its property within the interior of Pecan Plantation, and which is now used primarily as a pecan orchard ("Pecan Orchard Land".) The Additional Memberships will carry the same rights, privileges and obligations as all other memberships in the Association as established in accordance with the Association's Bylaws. The Association has agreed to add the Additional Memberships only because of the mutual agreements set out in this Second Addendum. Similarly, the Anthony Group has agreed, in addition to its agreements to convey to the Association the lands and facilities described herein, to waive its right of alternative access (as provided in Section 2.3K hereof) because of the Association's agreement to add the Additional Memberships.

1.2 The Additional Memberships will be added to the active membership of the Association from time to time only as the Anthony Group sells lots as part of Pecan Plantation that would cause the total membership of the Association to exceed 3,000 members. As used herein, all lots in Pecan Plantation sold by the Anthony Group after a total of 3,000 memberships in the Association have been activated shall be referred to as the "New Lots."

1.3 The Additional Memberships are specifically reserved only for the purchasers of the New Lots.

Section 2. Consideration for Additional Memberships.

As consideration for the Association's authorization of the Additional Memberships, the Anthony Group shall provide the following forms of consideration to the Association:

2.1 Conveyances of Land to the Association. The Anthony Group shall set aside for the Association's benefit at least 95 acres of land for the uses and facilities described in this Section 2.1 and in Section 2.2. Such acreage shall be designated for the following uses: (1) approximately 30 acres for an outdoor sports complex, lap pool and community building/gym, (2) approximately 5 acres for a playground, (3) approximately 5 acres for maintenance facilities (to be constructed by the Association), (4) approximately 20 acres for horse pasture located adjacent to or connected by adequate parcels to the existing horse stables, and (5) approximately 35 acres for future playgrounds and recreational facilities in two or more tracts (approximately 15 acres to be located west of Monticello Drive and approximately 20 acres to be located east of Monticello Drive) to be designated in the future as the New Additions (as defined in Section 3.1) are developed and platted. The locations of the first four tracts referenced above shall be in the approximate areas as designated on the Master Plan, a copy of which is attached hereto as Exhibit "A." The first four tracts shall be conveyed to the Association by special warranty deed within sixty (60) days after the Effective Date, unless the Association requests a later date. The future playground tracts (approximately 35 acres) will be conveyed to the Association contemporaneously with the streets in each New Addition that include a playground tract. As provided in Section 2.2H below, the Anthony Group and the Association will confer with each other to agree upon the final size, configuration and exact location of each tract to be conveyed to the Association pursuant to this Section 2.1. All conveyances to the Association shall comply with Section 4.1 hereof.

2.2 New Facilities for the Association. The Anthony Group agrees, at its sole expense (except as otherwise noted), to build the following facilities and improvements on the tracts conveyed to the Association pursuant to Section 2.1:

A. Outdoor Sports Complex. The Anthony Group agrees to build on the 30-acre tract recreational facilities consisting of (1) one irrigated soccer field, (2) one irrigated softball/baseball diamond with backstop and sideline fences, and (3) an all weather surface walking trail of at least one mile in length. The Anthony Group also agrees to build parking facilities, restrooms, and a concession stand adequate to serve these facilities. The concession stand shall be fully plumbed and wired for electricity. The parking facilities shall include a paved area with 70 striped parking spaces and a cleared and graded area (unpaved) for overflow parking of an additional 30 vehicles. The Anthony Group shall clear such trees as are designated by the Association and smooth out the surface of additional areas on the 30-acre tract as designated by the Association. The Association shall be responsible for equipping, at its expense, the concession stand. The Anthony Group shall complete construction of these facilities and improvements (other than the walking trail) on or before its sale of 100 New Lots. The Anthony Group shall complete construction of the walking trail within one (1) year after the Association designates to the Anthony Group the exact course of the trail.

B. Lap Pool. The Anthony Group agrees to build as part of the sports complex an 8-lane, 25-meter lap pool in accordance with the general specifications set forth in Exhibit "B" attached hereto. The parking facilities, restrooms and concession stand constructed for the sports complex shall also serve users of the lap pool. The Anthony Group shall complete construction of the lap pool on or before its sale of 200 New Lots.

C. Community Building/Gym. The Anthony Group agrees to build on the 30-acre tract an approximately 12,000 square feet community building/gym. The building shall include a standard high school basketball court with adequate sideline space, a separate meeting/dining room, restrooms, office space, storage rooms, and a food preparation and serving area. Subject to final design of all facilities to be constructed on the 30-acre tract, the parking facilities, restrooms, and concession stand serving the sports complex may also serve the community building/gym. Unless otherwise agreed by both parties, the building will be constructed according to the general specifications attached hereto as Exhibit "B." The Association (or the PPOA Youth Association) must furnish, at its expense, all sporting equipment and fixtures. The Anthony Group shall complete construction of the community building/gym within four (4) years after the Effective Date.

D. Playgrounds. Prior to the conveyance of any playground tract to the Association, the Association shall confer with the Anthony Group as provided in Section 2.2H below to reach agreement on the Association's plans for the site, including areas to be cleared of trees. The Anthony Group shall clear such trees as are designated by the Association and smooth out the surface of such areas at its expense. All other expenses relating to the playgrounds, including the cost and installation of playground equipment and fixtures, shall be the sole responsibility of the Association.

E. Horse Pasture. The Association will provide, at its expense, adequate fencing supplies to completely enclose the 20-acre horse pasture. The Anthony Group agrees to construct a fence enclosing the horse pasture, at its expense, within ninety (90) days after delivery of the fencing supplies to the Anthony Group.

F. Equestrian Trail. The Anthony Group agrees to provide an equestrian trail of at least 2 miles in length beginning and ending at the location of the existing horse stables. The exact course of this equestrian trail will not be designated by the Anthony Group until the property surrounding the horse stables is platted.

G. The Association will assume sole responsibility for the maintenance and operation of each facility described above upon its completion and delivery to the Association. The Association may, at its expense, provide its own source of water for irrigating these recreational facilities, or it may purchase its irrigation water from the Anthony Group on the same terms as provided in Section III.A of Exhibit "C" attached hereto.

H. The Association and the Anthony Group agree to work together in good faith in planning and developing the facilities described above. In order to facilitate this process, the Board of Directors of the Association shall appoint a five (5) person committee (the "Lenmo Committee") to work with the Anthony Group on planning and development issues relating to these facilities and any other issues arising under this Second Addendum, including the location of facilities, site plans, size of future recreational/open areas, and necessary drainage, pipeline, utility and access easements. The Anthony Group shall be entitled to rely on any Board authorized (as evidenced by a signature of a Board member) approvals and communications from the Lenmo Committee as being binding on the Association. The Anthony Group shall

submit plans for each facility to the Lenmo Committee for its review and comment. The Lenmo Committee shall use its best efforts to respond promptly to any plans or other matters submitted by the Anthony Group, but in any event no later than thirty (30) days after the date of submission of such plans or other matter. If the Lenmo Committee fails to respond to the Anthony Group within such thirty (30) day period, such plans or other matter shall be deemed approved and the Anthony Group may proceed in its sole discretion. If the Lenmo Committee and the Anthony Group are unable to reach agreement on any matter, then such matter shall be submitted to a third-party mediator selected by mutual agreement.

2.3 As additional consideration for the Association's authorization of the Additional Memberships, the Anthony Group agrees to the following:

A. Trails in New Additions. The Anthony Group agrees to provide walking trails within the New Additions, as such New Additions are developed and platted. Some of these trails may also be used as equestrian trails in the New Additions in which horses are permitted.

B. Front Security Gate. Within one year from the Effective Date of this Second Addendum, the Anthony Group agrees, at its expense, to build a new front security gate near the front entrance to Pecan Plantation. The Anthony Group shall build a new guardhouse with electrical service, water and septic facilities, and paved approaches to the guardhouse. The Anthony Group shall also pay for the cost of installing the existing security fixtures and equipment, however, any new or upgraded security fixtures and equipment must be purchased and installed at the Association's expense. The Association agrees that the Anthony Group may, at any time and at the Anthony Group's sole expense, rebuild or renovate the front entrance to Pecan Plantation off of Highway 167. The Anthony Group will confer with the Association to reach agreement regarding its plans for any renovations or modifications to the front entrance.

C. Conveyance of Current Office and Lots. Within thirty (30) days after the Effective Date, the Anthony Group shall convey to the Association the office building located at 8501 North Monticello, along with Lots 1, 3, 4, 5, 257 and 258, Pecan Plantation, Unit I, an Addition in Hood County, Texas. The Anthony Group will install, at its expense, a new 30 year composition roof on the office building prior to its conveyance to the Association. The Anthony Group may remove all of its furniture, equipment and removable fixtures prior to the conveyance. The property and improvements will be conveyed in its current "AS IS" condition with no express or implied warranties other than the special warranty of title. The lots will be designated (or restricted) as unbuildable and shall be used solely for road, access, drainage and utility purposes. As provided in Section 3.5 hereof, these lots will not be counted as memberships in the Association.

D. Nutcracker Golf Club Option.

(1) The Anthony Group (acting through NGC) owns and operates the Nutcracker Golf Club, a private club consisting of an 18-hole golf course, driving range and clubhouse with golf shop, and dining facilities. Pursuant to that certain Agreement dated February 3, 1994 (the "Pecan Orchard Agreement") between James E.

Anthony and Pecan Orchard Golf Course Corporation (now known as Nutcracker Golf Club, Inc.), the Charter Members (as defined in the Pecan Orchard Agreement) were granted certain rights to purchase Anthony's stock in NGC if Anthony decided to sell his ownership interest in the corporation. Pursuant to the terms of the Pecan Orchard Agreement, the Charter Members must exercise their rights within sixty (60) days after notice from Anthony of his intent to sell his ownership interest. Subject to the rights granted to the Charter Members of the Nutcracker Golf Club, the Anthony Group hereby grants to the Association an option to purchase the Nutcracker Golf Club according to the terms set forth below (the "Option"). In the event the Charter Members of the Nutcracker Golf Club exercise their rights as granted by the Pecan Orchard Agreement, then the Option shall automatically terminate and the Association shall have no rights with respect thereto.

(2) The Option may be exercised by the Association at any time beginning two (2) years after the Effective Date, but no later than seven (7) years after the Effective Date (the "Option Period"). The Anthony Group agrees that the Association, upon reasonable notice, may review the books and records of the Nutcracker Golf Club as part of its due diligence review in determining whether to exercise the Option. The Association may exercise the Option only by delivering to the Anthony Group within the Option Period written notice of its election to purchase the Nutcracker Golf Club in accordance with the terms set forth in Exhibit "C." If the Association properly and timely exercises the Option and the Charter Members do not exercise their option, the Association and the Anthony Group, within thirty (30) days after the expiration of the sixty (60) day period by which the Charter Members must exercise their rights under the Pecan Orchard Agreement, shall enter into a Contract of Sale in accordance with the terms set forth in Exhibit "C" and containing such other terms and conditions as may be mutually agreeable to the Association and the Anthony Group. If the Association fails to exercise the Option in accordance with the terms hereof on or before the expiration of the Option Period, then the Option, and all rights of the Association associated therewith, shall automatically and immediately terminate, unless the Option is extended by mutual agreement.

E. Third Golf Course.

(1) The Anthony Group agrees to set aside and reserve up to 200 acres east of Monticello Drive (the "Third Golf Course Land") for the construction of an 18-hole golf course and related facilities (the "Third Golf Course"). As provided in Section 2.2H above, the Anthony Group will confer with the Association regarding the location of the Third Golf Course; provided, however, the Anthony Group shall have the right, in its sole discretion, to designate the exact location of the acreage to be used for the Third Golf Course. Subject to the terms and conditions of this Section 2.3E, the Association, at its sole expense, may elect to construct the Third Golf Course.

(2) The Association may elect to construct the Third Golf Course at any time prior to fifteen (15) years after the Effective Date (the "Expiration Date"), unless the Anthony Group has previously notified the Association in writing of its intent to construct the Third Golf Course itself. If the Association fails to notify the Anthony Group in writing prior to the Expiration Date that it has elected to construct the Third Golf Course, then the Association's right to construct the Third Golf Course shall automatically and immediately terminate. If the Association timely notifies the

Anthony Group that it has elected to construct the Third Golf Course (and the Anthony Group has not previously notified the Association of its election to build the Third Golf Course), the Anthony Group will convey the Third Golf Course Land to the Association by special warranty deed within three (3) months after the Anthony Group and the Association have reached agreement as provided in subparagraph (3)(a) below.

(3) If the Association properly elects to construct the Third Golf Course, the Association shall be bound by the following terms and conditions:

(a) The Anthony Group and the Association must agree upon the routing plan and design for the Third Golf Course.

(b) The Association must commence and diligently continue construction of the Third Golf Course within one (1) year after the Association has delivered written notice to the Anthony Group of its election, unless such deadline is extended by mutual agreement. Commencement of construction shall not be deemed to occur until actual site improvements or construction work has commenced on the construction of the Third Golf Course or related facilities.

(c) All eighteen holes of the Third Golf Course must be open for play within two (2) years from the date of commencement of construction, unless extended by mutual agreement.

(d) If the Association fails to commence or complete construction of the Third Golf Course by the dates required above, then the Anthony Group shall have the right, but not the obligation, to reacquire title to the Third Golf Course Land, including all fixtures and improvements located on the Third Golf Course Land, for a price equal to the Association's total construction costs (including design and engineering costs) incurred through the date of reconveyance. The Anthony Group, upon reasonable notice, may review the books and records of the Association relating to the Third Golf Course before deciding whether to reacquire title to the Third Golf Course Land.

(4) If the Association has not notified the Anthony Group of its election to construct the Third Golf Course, the Anthony Group may elect to build the Third Golf Course at the Anthony Group's expense. The Anthony Group may revoke its election to construct the Third Golf Course at any time prior to commencement of construction (i.e., moving dirt) of the Third Golf Course. If the Third Golf Course is constructed by the Anthony Group, the Association shall have an option to purchase the Third Golf Course from the Anthony Group at a price equal to the total cost of the Third Golf Course. The total cost of the Third Golf Course shall include all engineering,

surveying, design, and legal costs and expenses directly incurred by the Anthony Group in connection with the design and construction of the Third Golf Course, but shall exclude all land costs. The Association, upon reasonable notice, may review the books and records of the Anthony Group relating to the Third Golf Course before electing to purchase the Third Golf Course. The Association's option to purchase the Third Golf Course shall terminate if it is not exercised on or before the Expiration Date (as defined in subparagraph (2) above).

(5) (a) Each purchaser of a lot from the Anthony Group shall have access to the Third Golf Course and any related facilities under the same terms and conditions as all other members of the Association, or if the Third Golf Course is established as, or subsequently changed to, a limited or separate membership facility, such lot purchasers shall, at the time of their purchase of a lot, be granted an option to become members of the Third Golf Course on the same terms and conditions as the other members thereof, regardless of any membership limitations then in effect.

(b) The Anthony Group shall have the same rights of access to the Third Golf Course and any related facilities for itself and its customers and prospective customers as is currently provided in Section 14 of the Anthony Lenmo Agreement.

(c) If the Third Golf Course ever operates with either separate classifications of membership or limited membership, Mr. and Mrs. James E. Anthony and the immediate families of their six children shall retain the highest classification of membership in the Third Golf Course at no fees or assessment costs.

F. Retirement Center/Assisted Living Facility. The Anthony Group agrees to set aside for fifteen (15) years from the Effective Date approximately 10 acres in the general location as shown on the Master Plan for the construction and operation of a retirement center/assisted living facility. The size, scope, timing, building and operation of this facility will be determined by market conditions. As such market conditions warrant, the Anthony Group intends to identify and contact third party developers and operators of retirement facilities to determine their interest in building and operating a retirement center or/assisted living facility. The parties to this agreement acknowledge and agree that the Anthony Group is neither obligated to construct such a facility or arrange for the construction of such a facility by a third party.

G. New Road. The Anthony Group agrees to build and convey to the Association upon completion a new road and its associated right-of-way from a location near North Monticello Circle and connecting with Glen Burne Boulevard, with connecting streets to Monticello Drive and Orchard Drive (as generally depicted on the Master Plan), in compliance with the minimum construction requirements required by Hood County in effect as of the date of construction of such road. This road shall be completed by the Anthony Group prior to the issuance of the first building permit for any New Lot. The Association shall be responsible for the maintenance of this road and right-of-way upon its completion.

H. New Waste Water Treatment Plant. The Anthony Group agrees that if the capacity of the existing waste water treatment facility serving Pecan Plantation cannot be expanded to accommodate development of the New Additions, the Anthony Group will donate to Acton Municipality Utility District up to seven (7) acres of land for the installation of a new waste water treatment facility at a location agreed to by the Anthony Group and AMUD.

I. Aerial Spraying. The Anthony Group agrees that in connection with its continued farming of the pecan orchards, it will limit its use of aerial spraying as much as reasonably possible. The Anthony Group will use aerial spraying only when weather conditions prevent ground entrance into the pecan orchards or when the window of spray application is so small that substantial crop damage could result without aerial spraying. The Anthony Group agrees not to use chemicals labeled DANGER for aerial spraying, but can use such chemicals for ground spraying. The Anthony Group will cease aerial spraying west of Monticello Drive by the end of 2002. The Anthony Group shall cease all aerial spraying after 200 New Lots have been sold east of Monticello Drive. The Anthony Group agrees to provide at least 48 hours prior notice to the Association of its intention to use aerial spraying. The Anthony Group acknowledges that the Association has no control over or liability for the application of any chemical on Anthony Group land, and hereby agrees to indemnify and hold the Association harmless from any private or governmental action or claim related to the use of any such chemicals by the Anthony Group.

J. Horse Riding in Pecan Orchard. The Anthony Group agrees to allow horse riders access to the pecan orchards for horse riding prior to the development of the New Additions. Access to the pecan orchards can be restricted or denied during periods of agricultural operations. The Anthony Group will notify the Association of such restrictions as and when applicable.

K. Alternative Access. The Anthony Group agrees to and does hereby waive its right to elect alternative access as provided in Section 5 of the Anthony Lenmo Agreement.

L. In the event either (i) the Anthony Group, for any reason, is denied or prohibited from utilizing the 1500 Additional Memberships as provided under Section 1 of this Second Addendum, or (ii) all or any part of Pecan Plantation is incorporated as a new municipality or as part of an existing municipality and such municipality imposes development standards on future development within the boundaries of such municipality (or its extraterritorial jurisdiction) through zoning ordinances, building codes, or any other means, which in the Anthony Group's sole judgment, materially and negatively impacts the economic feasibility of the Anthony Group's plans for development of its property to the extent the Anthony Group decides to cease all development on the New Lots, then upon written notice to the Association, both parties' obligations under this Second Addendum shall be held in abeyance until such time, if ever, that the Anthony Group (or its assignee) notifies the Association in writing that it intends to continue development of the New Lots. If the Anthony Group elects to hold its obligations under this Second Addendum in abeyance, all conveyances previously made to the Association and all facilities constructed and delivered to the Association under the terms of this Second Addendum, shall remain the property of the Association. The intent of this provision, and the underlying intent

of the Second Addendum, is to establish limitations on how the Pecan Orchard Land will be developed, whether by the Anthony Group or any of its purchasers, successors or assigns. Both the Anthony Group and the Association hereby covenant and agree that the Pecan Orchard Land, if it is developed, shall be developed in compliance with the agreements contained in this Second Addendum.

Section 3. Development of New Additions.

3.1 Any new additions or phases to Pecan Plantation to be developed by the Anthony Group will be platted and filed with and approved by the Commissioners' Court of Hood County, Texas (such new additions or phases being hereinafter referred to as the "New Additions"). The New Additions shall be subject to restrictive covenants and architectural control requirements substantially similar to the restrictions and requirements currently effective as to all previously platted additions within the Pecan Plantation Subdivision; provided, however, nothing herein shall limit the Anthony Group's right to impose more stringent restrictions on the New Additions such as minimum square footage for residences, composition of exterior walls and roofing materials, etc. The Anthony Group shall provide copies of all plats and restrictions covering the New Additions to the Association for its review and comment prior to the filing of such documents; provided, however, the Association shall in no way be deemed to have any rights of approval or veto with respect to such documents. All New Additions will be developed so as to maintain standards generally consistent with prior development of Pecan Plantation.

3.2 Subject to the provisions of the Anthony Lenmo Agreement (as amended by this Second Addendum) and any applicable restrictive covenants, all development, marketing and sales issues and decisions relating to the New Additions and any other property or lots owned by the Anthony Group shall be solely within the absolute control and discretion of the Anthony Group, including, without limitation, the timing of development, the size and location of lots, the pricing of lots, term of sale, and construction of additional amenities (except any amenities required by Section 2 hereof). The Association and the Anthony Group acknowledge and agree that the Master Plan attached hereto as Exhibit "A" is a conceptual plan for the long term future development of the Pecan Orchard Land and is not intended to be a final, definitive plan of development or a preliminary plat. Except as otherwise expressly provided in this Second Addendum, the Master Plan shall not be construed as limiting the Anthony's Group development plans for the Pecan Orchard Land.

3.3 Without the prior written consent of the Anthony Group, the Association may not impose on the New Additions, the New Lots or any other lots or property owned by the Anthony Group any regulations, restrictions, or building or architectural requirements that are materially different from those currently existing and as required by the Anthony Lenmo Agreement or existing restrictive covenants. Any building and construction codes or standards imposed by the Association shall not exceed the standards required by the Uniform Building Code (as then in effect).

3.4 The Association agrees that unless the Anthony Group otherwise consents, any increases in initiation fees, building permit fees, transfer fees, tenant fees, or any other fees or charges associated with (i) purchasing a lot, (ii) building a

residence on a lot, (iii) the sale of a lot, or (iv) the lease of a lot, shall not exceed the percentage increase in the Consumer Price Index for the Dallas/Fort Worth, Texas area (as published by the U.S. Department of Labor) (or other regional CPI indicator if no longer published by the Department of Labor) over the base year of 2000. This limitation on increases in fees charged by the Association shall be effective until the activation of 4,500 total memberships in the Association. Nothing herein shall limit the Association's right to increase monthly dues or impose new assessments or fees (other than the fees described above), so long as such dues increases or new assessments or fees are equally applicable to all members of the Association and are intended to benefit the Association and all of its members.

3.5 Notwithstanding any provision to the contrary in the Anthony Lenmo Agreement, the Anthony Group and its assignees may develop tracts (as designated on the Master Plan) for commercial, retail and retirement/assisted living uses, provided that no such usage shall be located any closer than 200 feet from the property line of any lot platted as residential as of the date this Second Addendum is executed. As used herein, commercial uses shall exclude any manufacturing or heavy industrial uses.

3.6 The Association agrees that to the extent reasonably practical, it will cooperate with the Anthony Group in providing lots and easements for roads, drainage and utilities intended to serve the Pecan Plantation community. The Association agrees that any membership in the Association that would be lost as a result of the Anthony Group or the Association declaring a lot as un-buildable because it is being used for street access or drainage purposes, will be available to the Anthony Group at another location. The Association further agrees to accept title to any platted lot in Pecan Plantation that is used for drainage or road access purposes.

3.7 The Association agrees that until it has activated all of the 1500 Additional Memberships, the Anthony Group will be entitled to one voting membership position on both the Architectural Control Committee and the Long-Range Planning Committee.

Section 4. Covenants Regarding New Association Lands.

4.1 The Association agrees that all land and improvements conveyed by the Anthony Group to the Association will be used solely for the benefit of the Association's members, and will be subject to any existing or future drainage, utility and access easements as required by the Anthony Group or the utility companies. No such property shall be used for any commercial or business purpose other than activities directly associated with the operations of the Association and its recreational facilities. All deeds conveying any property to the Association shall include a special warranty of title and shall be subject to the restrictions on use contained in this Section 4.1.

4.2 With respect to all real property conveyed to the Association by the Anthony Group, taxes for the year of conveyance shall be prorated between the parties as of the date of the conveyance of each tract of land.

4.3 The Association agrees to maintain all property and facilities provided to it under this Second Addendum in good repair and condition and to at least the same standard of care currently practiced for facilities and amenities owned and maintained by the Association.

4.4 With respect to any property conveyed by the Anthony Group to the Association, the Anthony Group hereby indemnifies and holds the Association harmless for a period of five (5) years from the date of the conveyance to the Association from any private or governmental action or claim related to any claim of environmental contamination, use of chemicals, or any other claimed action or event which occurred prior to the conveyance of the property to the Association.

Section 5. Amendments to Existing Documents.

5.1 The Anthony Lenmo Agreement is hereby amended such that all references to a total membership limit of 3,000 members shall be changed to 4,500 members.

5.2 Reference is made to that certain Turnover Agreement (the "Turnover Agreement") dated effective August 1, 1978, between Republic Land Company and the Association. With respect to all matters involving the Association and the Anthony Group arising under or relating to the Turnover Agreement, the Turnover Agreement is hereby amended to the extent necessary to make any provision therein consistent with the terms and provisions of this Second Addendum. Without limiting the generality of the foregoing, paragraph 23(c) of the Turnover Agreement is hereby amended to read in its entirety as follows:

"Developer agrees that it will not, without the Association's prior consent, subdivide and develop additional lands as part of Pecan Plantation which would result in the addition of additional members of the Association which would cause the total membership to exceed 4,500 members."

5.3 Except as expressly provided in this Second Addendum, all of the terms, covenants and other provisions of the Anthony Lenmo Agreement and the Turnover Agreement are not amended, modified or affected by this Second Addendum. To the extent of any conflict between the terms and provisions of the Anthony Lenmo Agreement or the Turnover Agreement and the terms and provisions of this Second Addendum, the Second Addendum shall control.

Section 6. Miscellaneous.

6.1 The agreements of the parties herein shall survive any restructuring or reorganization of the Association, any sale or assignment of the Association's property or rights, the dissolution of the Association, or the incorporation of the Pecan Plantation Subdivision or the Association into a municipality. Similarly, this agreement shall survive any restructuring, reorganizing, dissolution, or liquidation of

the Anthony Group, or any sale or assignment of the Anthony Group's rights herein. Both the Anthony Group and the Association covenant and agree that the intent of this Second Addendum is to set out limitations on how the Pecan Orchard Lands will be developed. The Anthony Group acknowledges that the Association has agreed to increase its membership for the benefit of the Anthony Group in reliance primarily on the representation that the Pecan Orchard Land shall be developed in compliance with the terms set out in this Second Addendum.

6.2 This Second Addendum is being executed and delivered, and is intended to be performed, in the State of Texas, and the laws of Texas shall govern the validity, construction, enforcement, and interpretation of this Second Addendum. This Second Addendum is performable in, and the exclusive venue for any action brought with respect hereto shall lie in, Hood County, Texas. This Second Addendum may be filed by either party in the real property records in Hood and Johnson Counties, Texas.

6.3 This Second Addendum shall be binding upon and inure to the benefit of the Association and the Anthony Group, and their respective heirs, executors, administrators, successors and assigns.

6.4 If any party hereto shall be required to employ an attorney to enforce or defend the rights of such party hereunder, the prevailing party shall be entitled to recover its reasonable attorney's fees.

6.5 This Second Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.6 For the purpose of evidencing the approval, consent or agreement of the Anthony Group whenever such approval, consent or agreement is required by the terms of this Second Addendum, all entities and individuals comprising the Anthony Group hereby appoint James E. Anthony and/or Benjamin L. Anthony (acting jointly or individually) as their attorney-in-fact to execute, on behalf of the Anthony Group, any such approval, consent or agreement. The Association may rely on the authority of James E. Anthony and/or Benjamin L. Anthony in taking any action in the name of the Anthony Group and any document executed by James E. Anthony and/or Benjamin L. Anthony in connection with this Second Addendum shall be deemed to be the action of the Anthony Group.

6.7 Any notice, request, demand or other communication required or permitted hereunder shall be given in writing by (a) personal delivery, (b) expedited delivery service with proof of delivery, or (c) United States Mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to the Association:

Pecan Plantation Owners Association, Inc.

8650 Westover Ct.

Granbury, Texas 76049

Attention: President

If to the Anthony Group:

The Anthony Group

7900 Monticello Drive

Granbury, Texas 76049

Attention: Benjamin L. Anthony

Notice shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service, as of the date of first attempted delivery at the address and in the manner provided herein, or in the case of mail, three (3) days after deposit in a receptacle of the United States Mail. Either party may change its address for purposes hereof by giving notice of such change to the other party in accordance with the provisions hereof.

6.8 The Association and the Anthony Group agree that any claim, dispute or controversy arising out of or relating to the interpretation or enforcement of the Anthony Lenmo Agreement or this Second Addendum (a "Dispute") shall be subjected to mediation. If the parties are unable to resolve the Dispute within thirty (30) days after either party notifies the other of its desire to mediate the Dispute, either party may then file a lawsuit to resolve the Dispute. The nondefaulting party may either (i) enforce specific performance against the defaulting party requiring it to perform the obligation in default, or (ii) seek any other recourse or relief as may be available at law or in equity, including bringing a suit for damages.

6.9. On or before May 10 of each year, the Anthony Group may request that the Association consent to its cultivation and harvest of the pecan trees located on all or a portion of the lands conveyed to the Association pursuant to Section 2.1 of this Second Addendum. If the Association consents to such request, the Anthony Group shall pay to the Association a 20% royalty based on the pecan production from such lands for that year. This royalty may be paid in kind or in cash. The Association agrees to respond to any request by the Anthony Group under this Section 6.9 within ten (10) days of its receipt of such request. The Anthony Group hereby agrees to indemnify and hold the Association harmless from any private or governmental action or claim resulting from or any way relating to the Anthony Group's cultivation or harvest of pecan trees on any portion of Association property.

Section 7. Effective Date

7.1 The Anthony Group and the Association recognize a lawsuit has been filed against the individual members of the Association's Board of Directors, styled Cause No. 2000000467, Harold and Donna Ford, et al. v. J.C. Wright, et al., pending in the 18th District Court of Johnson County ("Lawsuit"). One of the claims in the Lawsuit challenges the validity of the vote taken at the December 2, 2000 Special Membership Meeting ("Vote") of the Association, which authorized the Association to enter into this Second Addendum. Both the Association and the Anthony Group are confident the court will ultimately rule in their favor, and will uphold the validity of the Vote; however, the Association and the Anthony Group recognize this Second Addendum may be effected by the outcome of the Lawsuit. Accordingly, the Anthony Group and the Association agree that the Effective Date for all provisions of this Second Addendum shall be the earlier of either the date the court enters any final and nonappealable order in the Lawsuit holding the Vote was valid, or the date the court enters a final and nonappealable order or judgment dismissing or non-suiting all of the claims in the Lawsuit challenging the validity of the Vote. Should the court enter any order final and nonappealable order or judgment holding the Vote was not valid, then the Anthony Group and the Association agree this Second Addendum shall be submitted to the Association membership for a vote ("Second Vote") in accordance with Article 5, Section 5 of the Association Bylaws at a special membership meeting to be held no later than 60 days from the date of the court's order or judgment. If the membership of the Association approves of the Second Addendum at the Second Vote, the Effective Date shall be the date of the Second Vote. Should the membership not approve of the Second Addendum with the Second Vote, then on that date this Second Addendum shall become void. However, the Association and the Anthony Group that the Anthony Group may establish the Effective Date at any earlier date by notifying the Association in writing of such date. The Association agrees it will continue to pursue the Lawsuit with due diligence.

EXECUTED as of the Effective Date.

ASSOCIATION:

PECAN PLANTATION OWNERS
ASSOCIATION, INC.

By: _____

Name: _____

Title: _____

AND

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared J. C. Wright, President of Pecan Plantation Owners Association, and Betty Morgan, 1st Vice-president of Pecan Plantation Owners

Association, Inc. known to me to be the persons whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas
My Commission Expires:_____

THE ANTHONY GROUP:

LENMO, INC.

By: _____
James E. Anthony, President

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared JAMES E. ANTHONY, President of Lenmo, Inc. known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission
Expires: _____

PLANTATION ORCHARD, L. P.

By: MIDWAY BRAZOS, INC., its
General Partner

By: _____
Benjamin L. Anthony, President

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared BENJAMIN L. ANTHONY, President of Midway Brazos, Inc., the General Partner of Plantation Orchard, L. P., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____,
2001.

Notary Public, State of Texas

My _____ Commission
Expires: _____

NUTCRACKER GOLF CLUB, INC.

By: _____

Benjamin L. Anthony, President

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared BENJAMIN L. ANTHONY, President of Nutcracker Golf Club, Inc. known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission Expires: _____

JAMES E. ANTHONY, Individually and as
Successor-in-Interest to Panoramic
Corporation

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared JAMES E. ANTHONY, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission Expires: _____

MARTHA JANE ANTHONY, Individually
and as Successor-in-Interest to
Panoramic
Corporation

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared MARTHA JANE ANTHONY, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission
Expires:_____

as MARTHA ANN PRIOLEAU, Individually and
Successor-in-Interest to Panoramic
Corporation

STATE OF California §

§

COUNTY OF Contra Costa §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared MARTHA ANN PRILOEAU, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of California

My Commission
Expires: _____

JAMES MATTHEW ANTHONY, Individually
and as Successor-in-Interest to Panoramic
Corporation

STATE OF Georgia §

§

COUNTY OF Gwinnett §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared JAMES MATTHEW ANTHONY, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____,
2001.

Notary Public, State of Georgia

My Commission Expires: _____

MARK EDWARD ANTHONY, Individually
and as Successor-in-Interest to Panoramic
Corporation

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared MARK EDWARD ANTHONY, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission Expires: _____

JOHN WOOLDRIDGE ANTHONY,
Individually and as Successor-in-Interest to
Panoramic Corporation

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared JOHN WOOLDRIDGE ANTHONY, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission Expires: _____

SARAH JANE GENTRY, Individually and as
Successor-in-Interest to Panoramic
Corporation

STATE OF TEXAS §

§

COUNTY OF HOOD §

Before me, the undersigned, a notary public in and for said county and state, on this date personally appeared SARAH JANE ANTHONY, Individually and as Successor-in-Interest to Panoramic Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2001.

Notary Public, State of Texas

My Commission Expires: _____

"Exhibit A"

Exhibit A is in the form of a map and was not placed on the website due to size and detail limitations. A copy of this map is available for viewing at the clubhouse. Map shows detailed developers plan for extra 1,500 lot development.

COLOR LEGEND:

- ORIGINAL PECAN PLANTATION DEVELOPMENT (BEFORE 1990)
- PECAN PLANTATION DEVELOPMENT SINCE 1990
- NUTCRACKER CLUB AND GOLF COURSE
- PECAN PLANTATION CLUB AND GOLF COURSE
- NEW LOTS TO BE DEVELOPED
- NEW AREAS TO BE CONVEYED TO P.P.O.A.
- RESERVED BY ORCHARD DEVELOPMENT/LEONARD BEND FARM
- AREAS OF OTHER OWNERSHIP
- EXISTING ROADS
- PROPOSED ROADS
- TAXWAYS
- LAKES AND RIVERS



PECAN PLANTATION
GRANBURY, TEXAS
MASTER PLAN
1998

ORCHARD DEVELOPMENT COMPANY

DEVELOPER
 8501 N. MONTICELLO CIRCLE
 GRANBURY, TX 76049
 (817) 279-7056

JOHN W. BRYANT
 LAND PLANNING
 FT. WORTH, TEXAS

CHILDRESS ENGINEERS
 CONSULTANTS AND PLANNERS
 ONE NORTH WALLEY
 COLLEGE, TEXAS 76008



NOTES:

THIS MASTER PLAN REPRESENTS ONLY THE INTENT OF THE DEVELOPER AS TO FUTURE DEVELOPMENT OF RESIDENTIAL PROPERTIES, RECREATIONAL AND PUBLIC AREAS, COMMERCIAL LOTS, AND STREETS.

FUTURE FINAL PLATS MAY HAVE VARIATIONS IN LOCATIONS AND DIMENSIONS.

THIS MASTER PLAN SHOULD NOT BE USED TO DETERMINE THE SIZE OR LOCATION OF PRESENT OR FUTURE LOTS, STREETS, OR FACILITIES.

FINAL LOCATION AND DIMENSIONS OF ANY PROPERTY, LOT, STREET, EASEMENT, OR RIGHT-OF-WAY SHALL BE DETERMINED BY THE FINAL PLAT AS FILED IN HOOD OR JOHNSON COUNTIES.

HOOD COUNTY
JOHNSON COUNTY

HOOD COUNTY
JOHNSON COUNTY

EXHIBIT "B"

GENERAL SPECIFICATIONS OF COMMUNITY BUILDING/GYM AND LAP POOL

I. Community Building/Gym.

A. General Criteria.

1. For comparative purposes, reference is made to similar facilities located at the following churches for general quality standards applicable to the community building/gym: First Methodist Church in Granbury, Acton Methodist Church, Acton Baptist Church, Granbury Church of Christ, and Redeemer Lutheran Church in Fort Worth.
2. A gymnasium area approximately 72 feet wide x 100 feet long. Clear height will be 20 feet. The floor covering will be a sheet vinyl or vinyl tile material (similar to the Granbury First Methodist Church or the Redeemer Lutheran Church facilities), unless the Association and the Anthony Group agree to a different floor treatment. The floor covering will be installed over a concrete slab. The floor will be marked as a high school basketball court. This court will be wide enough to accommodate two basketball courts for junior players positioned across the main court.
3. A meeting/dining room sufficient to seat about 80 people in a circular table configuration, or 110 at banquet tables. Similar rooms of this capacity are located at the Redeemer Lutheran Church (24 feet x 52 feet), Granbury Church of Christ (24 feet x 48 feet) and the Benbrook Community Center (28 feet x 44 feet).
4. A food service/catering area (kitchen) adequate in size (about 20 feet x 34 feet) to serve large groups. Standard residential quality appliances consisting of a sink, cook-top, double oven, disposal, and dishwasher will be installed by the Anthony Group. Refrigerators, freezers, coolers, equipment upgrades, and other food service appliances must be furnished by the Association. This area will be plumbed and electrically wired to accommodate future upgrades to commercial standards. These facilities may be coordinated with concession facilities for the swimming pool and the athletic fields.
5. Restrooms will include up to 4 stalls for women and 2 stalls and 2 urinals for men. These restrooms may also serve the swimming pool and other outside facilities. If these restrooms serve the swimming pool, they will include shower facilities for men and women. If the restrooms do not serve the swimming pool, shower facilities will be constructed by the Anthony Group to serve the swimming pool.
6. At least one drinking fountain easily accessible by all patrons.

7. Storage rooms for tables, chairs, and maintenance equipment. Probably two rooms of about 20 feet x 24 feet in size.
 8. A space of about 500 square feet to be configured into offices for support personnel.
 9. It is anticipated that the Anthony Group will provide all of these features in one building.
- B. Design and Construction Specifications.
1. The exterior will be 60% masonry, brick, stucco, or glass, and will conform to the requirements presently in force for residential construction, unless otherwise approved by the Architectural Control Committee (“ACC”).
 2. The roof will be 30-year composition shingle or metal (similar to the Nutcracker Club House).
 3. All weather paved and striped parking area will be provided for 70 automobiles, with additional areas cleared and graded for overflow parking for an additional 30 automobiles.
 4. The design for this building will be integrated with the layout for the swimming pool, soccer field, softball/baseball diamond, playgrounds, etc. so that the parking, food service, and restrooms may serve all facilities.
 5. The building will be climate controlled, fully equipped with interior and exterior lighting, with all utilities ready for AMUD, TXU, and telephone services upon completion.
 6. All sports equipment and fixtures, all furniture and fixtures, all communication equipment, and all other moveable or removable items shall be furnished by the Association or affiliated groups.
 7. The Anthony Group shall submit all plans for the building to the Association in accordance with Section 2.2H of the Second Addendum.

Summary of the dimensions anticipated in the Community Building/Gym:

<u>Type of Facility</u>	<u>Square Footage</u>
Gymnasium	7200
Meeting/Dining room	1200
Food Service/Kitchen	680
Restrooms	480
Storage rooms	960
Offices	500
Halls and Public Areas	<u>1000</u>
TOTAL SQ. FT	12,020

II. Lap Pool.

A. General Specifications.

1. A Junior Olympic sized pool consisting of 8 lined lanes, 25 meters long.
2. The pool shall be at least 4 1/2 feet deep, or as designed or agreed to by the Lenmo Committee, contain underwater, and shall be fenced. The facility will be similar to those found in small city recreational facilities and in residential communities comparable to Pecan Plantation.
3. The pool will have at least 6000 square feet of decking.
4. At the Association's option at the time of construction, to the extent that it is structurally practical, the Anthony Group will install foundation piers topped with steel plates to ground level to accommodate the possible future enclosure of the pool. This will not include a grade beam around the pool. The Association will be solely responsible for any future pool enclosures.
5. Restrooms and showers will be provided to accommodate occupancy at the pool of up to 250 people. These facilities may be shared with the Community Center/Gym.

III. General Considerations.

The Anthony Group acknowledges the Association will not be responsible for any costs associated with the construction of the facilities set out in Exhibit "B," and agrees that, if required by the Association, it will provide to the Association, prior to the construction of the facilities, any bond(s) in an amount necessary to insure completion of the facilities and payment of all contractors, subcontractors, suppliers, or any other person or entity which may be allowed to secure payment by filing a lien on the property, or in any lesser amount required by the Board. In lieu of providing such bond(s), the Anthony Group may provide a letter of credit, certificate of deposit, or escrow funds for the benefit of the Association an amount sufficient to complete the facilities and pay any such contractor, subcontractor or suppliers.

The Anthony Group shall not be obligated to construct a community building/gym in excess of 12,020 square feet or a swimming pool facility with a capacity in excess of 250 people. If the Association wishes to expand these facilities, it may do so at its expense. However, if the Association determines that these proposed facilities are larger than needed, and reductions in size are requested by the Association, then the Anthony Group is entitled to retain any cost savings.

The Association acknowledges that the Anthony Group's responsibility is to provide facilities consistent with the standards of the Pecan Plantation community, and that the criteria for these facilities are similar to facilities found in churches and recreational facilities located in the Granbury area. The Anthony Group is not required to duplicate the style, size, or quality of facilities that might be found in publicly financed facilities, such as independent school districts or city/county owned community centers.

EXHIBIT "C"

TERMS OF NUTCRACKER GOLF CLUB OPTION

I. Property Subject to Option.

All of the real property described on Schedule I attached hereto and all improvements and fixtures located thereon, including the clubhouse, cart barn and all pumps, motors and irrigation systems used solely in connection with the operation of the Nutcracker Golf Course, and all furniture, appliances, equipment (except as hereafter provided), and tools used in connection with the operation and maintenance of the Nutcracker Golf Club and Health Club (collectively, the "Property"), except the Property shall not include any rolling stock equipment or vehicles such as golf carts, maintenance carts, tractors, and riding mowers unless otherwise agreed by both parties. The Association may purchase any of the rolling stock equipment excluded above at a mutually agreeable price (if such equipment is owned by the Anthony Group) or the Association may assume any existing leases covering such equipment. All golf pro shop inventory and inventories of food, chemicals and fertilizer existing as of the Closing Date shall be purchased by the Association at the Anthony Group's actual cost of such inventories. The Anthony Group shall retain water rights to all water held in all lakes located on the Nutcracker Golf Course (the "Nutcracker Lakes").

II. Purchase Terms.

A. Purchase Price – The total Purchase Price shall equal the sum of the following amounts: (i) \$1,750,000.00 (as hereafter adjusted), (ii) the agreed price of any rolling stock equipment purchased by the Association, and (iii) the cost of the inventories. Beginning two (2) years after the Effective Date, the amount set forth in (i) above shall be increased by 3% on an annual basis.

B. Payment of Purchase Price. - The Purchase Price shall be payable to the Anthony Group either in cash or, at the Association's election, the execution and delivery by the Association to the Anthony Group of a promissory note (the "Note") in the amount of the Purchase Price (subject to closing adjustments). The Note will mature in twenty (20) years and monthly payments of principal and interest will be based on a twenty (20) year amortization. Interest shall accrue at an annual rate equal to the prime rate (as published by The Wall Street Journal) plus 1%, and shall be adjusted every four years. In no event shall the interest rate exceed 12% or be less than 7%. The Note may be prepaid at any time without penalty. The Note will be secured by a first lien deed of trust against the Property and a vendor's lien retained in the conveying deed.

C. Closing Date – The Closing of the purchase of the Property shall be on such date as is mutually agreed upon by the Association and the Anthony Group; provided, however, in no event shall Closing be later than 90 days after the date of execution of the Contract of Sale. If Closing does not occur within such 90-day period (unless such failure to close is caused by the Anthony Group's default), the Option shall terminate unless an extension to close is agreed to by both parties.

D. Closing – At Closing, the Anthony Group shall deliver the following documents:

(1) A Special Warranty Deed conveying the Property to the Association, subject to no liens and only those exceptions identified in the title commitment to be issued in connection with the closing of this transaction.

(2) A Bill of Sale conveying the equipment and personal property purchased by the Association.

(3) At the Anthony Group's expense, a standard Texas Owner Policy of Title Insurance covering the Property in the amount of \$1,500,000 insuring that the Association has fee simple title to the Property, subject only to the exceptions described in the title commitment. The Association shall pay the premium charged for amending the standard survey exception, if requested by the Association.

E. Survey – The Anthony Group shall deliver to the Association all maps, plats or surveys in its possession covering the Property or any part thereof; however, the Anthony Group shall have no obligation to deliver a current or revised survey of the Property. Any new or revised survey shall be obtained by the Association at its sole expense.

F. Closing Adjustments – Ad valorem taxes relating to the Property for the calendar year in which the Closing shall occur shall be prorated between the Anthony Group and the Association as of the Closing Date. All other income and ordinary operating expenses of the Property shall be prorated effective as of the Closing Date.

G. Condition of Property – The Property shall be conveyed to the Association "AS IS," "WHERE IS" and "WITH ALL FAULTS," and the Association expressly acknowledges that the Anthony Group will make no warranty or representation, express or implied, or arising by operation of law, with respect to the Property or any portion thereof.

III. Other Provisions.

A. Water Rights – The Association shall purchase, or make other arrangements for the delivery of, sufficient quantities of water to adequately irrigate the Nutcracker Golf Course throughout the year. The Association may contract with the Brazos River Authority ("BRA") or any other party for the purchase of its irrigation water or it may purchase its irrigation water from the Anthony Group. The Anthony Group agrees to sell and deliver irrigation water to the Association at a reasonable price based on the Anthony Group's power costs, cost of water, recovery of asset depreciation, repair and maintenance, plus

a reasonable profit not to exceed 15% of such costs. The Anthony Group shall install certified meters, at its expense, at each diversion point for water pumped from the Nutcracker Lakes. The Anthony Group's obligation to sell water to the Association for irrigation of the Nutcracker Golf Course is subject to the Anthony Group's ability to obtain adequate quantities of water from Lake Granbury and the BRA. The Anthony Group does not guarantee that it will be able to provide adequate quantities of water to the Association for such purposes.

If the Association elects to purchase its irrigation water from an alternative source, the Anthony Group agrees to deliver the Association's irrigation water to the Nutcracker Golf Course through its delivery system at a cost equal to the cost determined under the preceding paragraph less the Anthony Group's water costs. Such water shall be delivered to the pumps on the Nutcracker Lakes at the current locations of such pumps. The Anthony Group shall retain ownership of all water in the Nutcracker Lakes until it is pumped through the Association's meters. The Anthony Group shall not be liable to the Association or any other party for any delay or interruption in the delivery of water to the delivery points as a result of any equipment breakdown, repair or maintenance, loss of electrical power, material or equipment shortages, *force majeure* or any other matter beyond the reasonable control of the Anthony Group.

B. Rights of the Anthony Group – Each purchaser of a lot from the Anthony Group shall have access to the Nutcracker Golf Club and the golf course under the same terms and conditions as all other members of the Association, or if the Nutcracker Golf Club continues as a limited or separate membership facility, such lot purchasers shall, at the time of their purchase of a lot, be granted an option to become members of the Nutcracker Golf Club on the same terms and conditions as the other members thereof, until the membership limit of 700 members (or any higher limit subsequently adopted by the Club) is reached. Each new purchaser of a lot from the Anthony Group must exercise their option to join the Nutcracker Golf Club within 60 days after completion of a residence on their lot, after which time such purchaser's option will automatically expire.

The Anthony Group shall have the same rights of access to the Nutcracker Golf Club and the golf course for itself and its customers and prospective customers as is currently provided in Section 14 of the Lenmo Agreement.

If the Nutcracker Golf Club continues to operate with either separate classifications of membership or limited membership, Mr. and Mrs. James E. Anthony and the immediate families of their six children shall retain the highest classification of membership in the Nutcracker Golf Club at no fees or assessment costs.

C. Assumption of Membership Obligations – Upon its purchase of the Nutcracker Golf Club, the Association agrees to assume all rights and obligations of the Owner as set out in the Membership Bylaws and Rules and Regulations of the Nutcracker Golf Club.

D. No Commercial Activity – The Association will not use or permit the use of, or sell or sublease, the Property or any part thereof, for any business or commercial activity or use other than the operation of a first class golf course facility and directly related uses (e.g., pro shop sales, golf cart rentals, green fees, etc.). The deed to the Association shall include restrictions on the use of the Property as provided herein.

E. Easements

(1) The Anthony Group may reserve for itself and its assigns the following easements:

(a) A 30-foot utility, drainage and access easement around the perimeter of the Nutcracker Golf Course and around the perimeter of each of the Nutcracker Lakes.

(b) General utility, drainage and access easements over and across the Property for the following purposes: (i) the installation, maintenance and operation of an alternate water distribution system, including pumps, filters, and other related equipment, (ii) the installation and maintenance of adequate drainage facilities to serve surrounding subdivisions, and (iii) the installation and maintenance of general utilities (e.g., electric, telephone, sewer, water, gas and cable) for the use of surrounding subdivisions. All such easements shall be located so as to minimize, to the extent reasonably practicable, any interference with the operation of the Nutcracker Golf Course.

(c) Easements for all existing utility, drainage and irrigation lines across the Property that service any other property owned by the Anthony Group or other portions of Pecan Plantation shall be reserved for the benefit of the Anthony Group and its assigns