

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**MEMORANDUM OF ASSIGNMENT, ASSUMPTION,
AND RATIFICATION OF LEASES AND RENTS**

THIS MEMORANDUM OF ASSIGNMENT, ASSUMPTION, AND RATIFICATION OF LEASES AND RENTS (this "Memorandum") is made effective as of the _____ day of _____, 2009 (the "Effective Date"), by and between **BRAZOS RIVER AUTHORITY**, a river authority of the State of Texas, with an address of 4600 Cobbs Drive, Waco, Texas 76710, Attn: _____ ("Assignor"), and _____, a _____, with an address of _____ ("Assignee").

WHEREAS, Assignor, as lessor, has previously entered into those certain lease agreements described on Exhibit A attached hereto (as the same have been amended from time to time, collectively, the "Leases"), such Leases pertaining to that certain real property situated in Young County, Palo Pinto County, and Stephens County, Texas, as more particularly described on Exhibit B attached hereto (the "Property");

WHEREAS, Assignor has conveyed to Assignee that certain portion of the Property more particularly described on Exhibit C attached hereto ("Assignee's Property");

WHEREAS, pursuant to that certain Assignment, Assumption, and Ratification of Leases and Rents dated of even date herewith (the "Assignment"), by and between Assignor and Assignee, Assignor has assigned to Assignee all of its right, title and interest in the Leases but only to the extent that such right, title and interest pertains to Assignee's Property, and Assignee has assumed all of Assignor's rights and obligations arising under the Leases as such rights and obligations pertain to Assignee's Property; and

WHEREAS, the Parties hereto desire to give notice of the existence of certain options for the lessees under such Leases set forth in such Assignment.

NOW, THEREFORE, for and in consideration of the foregoing, Assignor and Assignee agree as follows:

1. Lessee Protections. The Assignment contains certain obligations of Assignee (and its successors and assigns) with respect to the lessees under the Leases and Assignee's Property, including, without limitation, that:

(a) during the one year period commencing on the Effective Date of the Assignment [**or such longer period as Assignee may offer**] (the "Option Period"), each

of the lessees under the Leases shall have the right, upon providing reasonable advance written notice to the Assignee, to exercise one of the following options as to that portion of the Assignee's Property covered by the lessee's existing leasehold estate under that lessee's Lease (collectively, the "Lessee Protections"):

(i) The lessee may purchase the fee simple interest in that portion of the Assignee's Property covered by the lessee's Lease for 90% of the land only assessed value of the leasehold estate without any exemptions, as determined by the applicable county appraisal district (the "Assessed Value") for the year 2008, payable in cash or through lender financing.

(ii) The lessee may purchase the fee simple interest in that portion of the Assignee's Property covered by the lessee's Lease for 100% of the Assessed Value for the year 2008, via seller financing, with a down payment of ten percent (10%), an annual interest rate of six percent (6%), and a 30-year amortization.

(iii) The lessee may enter into a new 99-year lease with Assignee at a rental rate during the first year of 6% of the Assessed Value for the year 2008, with an annual CPI increase each year thereafter. The 99-year lease will include an option to purchase the fee simple interest in the property covered by the lessee's new 99-year lease for 100% of the Assessed Value at the time of purchase (but not less than the Assessed Value for the year 2008), which option may be exercised by lessee at any time during the term of the 99-year lease by providing advance written notice to Assignee.

(iv) For any lessee who is above sixty-five (65) years old during the Option Period and whose leased property is such lessee's homestead (as determined by the applicable county appraisal district), the lessee may enter into a new 10-year lease with Assignee, with a rental rate during the first year of 6% of the Assessed Value for the year 2008, with an annual CPI increase each year thereafter, and the lessee shall have the option to defer all lease payments until the end of the 10-year term of the new lease. The new 10-year lease shall include an option to purchase the fee simple interest covered by the lessee's new 10-year lease for 100% of the Assessed Value at the time of purchase (but not less than the Assessed Value for the year 2008), which option may be exercised by lessee at any time during the term of the 10-year lease by providing advance written notice to Assignee.

(v) As to any lessee who does not exercise one of the foregoing options during the Option Period, the lessee's existing Lease will remain in effect, and for an eight-year period commencing on the Effective Date: (a) the Lease rental rate (including any adjustments thereto) as set forth in the applicable Lease, or as calculated pursuant to the lease rate methodology adopted by Assignor pursuant to the Board Resolution attached hereto as Exhibit D, as applicable, will be maintained and honored by Assignee, (b) the lessee will have the option to purchase the fee simple interest in that portion of the Assignee's Property covered by the lessee's Lease for the greater of (1) 100% of the Assessed Value at the time

of purchase or (2) 100% of the Assessed Value for the year 2008, and (c) the lessee's existing Lease term will be extended as necessary to allow for this full 8-year rental rate and purchase option period.

(b) In the event a county does not provide an assessed value for leased lot(s) at the time the lessee exercises its purchase or lease option described above, then the "Assessed Value" of the subject lot, for the purpose of calculating the purchase option price or lease rental rate shall be calculated based on the assessed value on a per square foot basis for comparable lots in the applicable county or adjoining counties with similar physical characteristics for the applicable year.

(c) All Leases (whether existing or a new lease as set forth above) shall be subject to the applicable terms, conditions, and covenants of the FERC License and the Shoreline Management Plan, as the same may be revised, renewed, extended and amended from time to time.

(d) Those Leases (whether existing or a new lease as set forth above) which are part of the Ranch are also subject to the terms of the Ranch Agreement and the restrictions and covenants set forth in the Ranch Declarations.

(e) In the event Assignee sells, transfers or otherwise conveys Assignee's Property (in whole or in part) to any person or entity (other than to the existing lessee pursuant to the Lessee Protections described above), Assignee agrees to require that any successor-in-interest to Assignee's interest in the Assignee's Property (or any portion thereof) honor the terms and conditions set forth in the Assignment, including without limitation, the Lessee Protections and grant to the lessees the rights and options set forth above during the remaining Option Period or 8-year period as applicable.

(f) Assignor and Assignee agree that (i) the Lessee Protections are intended to benefit the individual lessees under the Leases and (ii) each of the individual lessees is, and shall be deemed, an intended third party beneficiary solely with respect to the Lessee Protections as to each individual lessee's leased lot. If Assignee fails to perform its obligations with respect to the Lessee Protections as to any such lessee, then such lessee shall have the right to bring an appropriate action against Assignee to enforce specific performance of the Lessee Protections as to that lessee's leased lot only, as such lessee's sole and exclusive remedy for the failure of Assignee to perform its obligations with respect to the Lessee Protections, as to such lessee. This provision does not authorize or permit any lessee to bring a suit against Assignor or Assignee for damages or any relief other than as set forth in the immediately preceding sentence.

2. Miscellaneous.

(a) Original copies of the Assignment are in the possession of the parties hereto. The Assignment contains other terms not set forth herein but which are incorporated by reference herein for all purposes. This Memorandum is executed for the purpose of placing parties dealing with Assignee's Property on notice of the existence of the Assignment and, where appropriate, its contents, and the parties hereto ratify and

confirm all other terms of the Assignment as if fully set forth herein. Additional information concerning the terms of the Assignment can be obtained from the parties hereto at the addresses set forth above. Capitalized terms not otherwise defined in this Memorandum shall have the meanings set forth in the Assignment.

(b) This Memorandum is intended for recording purposes only and does not modify, supersede, diminish, add to or change all or any of the terms of the Leases or the Assignment in any respect. In the event of any conflict between the provisions of this Memorandum and the provisions of the Assignment, the provisions of the Assignment shall control.

(c) All provisions of this Memorandum, including the benefits and burdens, run with the land and are binding upon and inure to the benefit of the heirs, assigns, licensees, invitees, successors, tenants and subtenants of the parties.

(d) This Memorandum may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

[SIGNATURE PAGES FOLLOW]

**[SIGNATURE PAGE TO MEMORANDUM OF ASSIGNMENT OF
LEASES AND RENTS]**

IN WITNESS WHEREOF, Assignor and Assignee have executed this Memorandum to be effective as of the Effective Date.

ASSIGNOR:

BRAZOS RIVER AUTHORITY,
a river authority of the State of Texas

By: _____
Name: _____
Title: _____

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2009
by _____ of Brazos River Authority, a
river authority of the State of Texas, on behalf of such river authority.

Notary Public in and for the State of Texas

**[SIGNATURE PAGE TO MEMORANDUM OF ASSIGNMENT OF
LEASES AND RENTS]**

ASSIGNEE:

_____,
a _____

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2009, by
_____, _____ of _____, a
_____, on behalf of such _____.

Notary Public in and for the State of Texas

After recording, return to:

Attention: _____

EXHIBIT A

Leases

EXHIBIT B

Property

EXHIBIT C

Assignee's Property

EXHIBIT D

Lease Rate Methodology