

ASSIGNMENT, ASSUMPTION, AND RATIFICATION OF LEASES AND RENTS

THIS ASSIGNMENT, ASSUMPTION, AND RATIFICATION OF LEASES AND RENTS (this "Assignment") is executed to be effective as of the _____ day of _____, 2009 (the "Effective Date"), by and between **BRAZOS RIVER AUTHORITY**, a river authority of the State of Texas ("Assignor") and _____, a _____ ("Assignee").

WITNESSETH:

WHEREAS, Assignor 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"); and

WHEREAS, by a Special Warranty Deed With Vendor's Lien executed by Assignor, as Grantor, dated effective of even date herewith, Assignor has conveyed to Assignee that certain portion of the Property more particularly described on Exhibit C attached hereto ("Assignee's Property") and Assignor desires to assign to Assignee, and Assignee desires to assume, all of Assignor's rights and obligations under the Leases as to Assignee's Property and all of Assignor's interest in the Rents (defined below).

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Assignor does hereby assign, transfer, and set over unto Assignee all of Assignor's 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 does hereby assume all of Assignor's rights and obligations arising under the Leases from and after the Effective Date as such rights and obligations pertain to Assignee's Property. Assignor does hereby assign, transfer, and set over unto Assignee all rents, revenues, income, and profits payable under the Leases from and after the date hereof, including, without limitation, all fixed and additional rents, cancellation payments, and all sums due and payments made under any guarantee of any of the Leases or any obligations thereunder (collectively "Rents"). The assignment of Rents to Assignee includes any portion of the Rents that may be allocable to the portion of the Property owned by Assignor ("Assignor's Property"). Assignee assumes all obligations for the return of all lessee security deposits held by the Assignor, if any, pursuant to the provisions of the Leases and delivered to Assignee, and Assignee further assumes all of Assignor's obligations which arise after the date hereof under the Lease, and agrees to hold the Assignor harmless from any such obligations. Rents from the Leases are collected annually in advance and have been prorated between Assignor and Assignee based on the actual Rents collected as of the date of the delivery hereof, and any rentals collected thereafter which are attributable to periods before or on the date of the delivery hereof shall be collected for the account of Assignee and promptly delivered to Assignee. From and after the Effective Date, Assignee shall be considered the lessor under the

Leases with respect to Assignee's Property, and Assignor shall be considered the lessor under the Leases with respect to Assignor's Property.

2. Ratification and Lessee Protections.

a. Assignee hereby ratifies, confirms, and approves the Leases in all respects, and the terms, covenants, conditions, provisions, and restrictions of the Leases remain in full force and effect, just as if Assignee had been the original lessor under the Leases.

b. Assignee acknowledges and agrees that during the one year period commencing on the Effective Date [**or such longer period of time 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 in the property 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.

c. 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.

d. Notwithstanding anything herein to the contrary, in the event that any of the Lessee Protections results in a new lease or the extension of an existing lease, such new lease or extension shall apply only to Assignee's Property and shall not extend or modify the Lease as it pertains to Assignor's Property, or create a new lease with respect to Assignor's Property. In addition, notwithstanding anything herein to the contrary, in the event that any of the Lessee Protections results in a purchase by a lessee of the fee simple interest in the property covered by its lease, such purchase shall only apply to the portion of the property covered by the lease which is part of Assignee's Property; and such purchase shall not result in a modification or termination of the Lease as it pertains to Assignor's Property. In addition, all Leases (whether existing or a new lease as set forth above) shall be subject to the applicable terms, conditions, and covenants of that certain order of the Federal Energy Regulatory Commission ("FERC") for project number 1490-003-Texas issued to Assignor on September 8, 1989 (the "FERC License") and the Amendment issued May 15, 1980 as referenced in the FERC License and the Possum Kingdom Shoreline Management Plan and Customer Guide promulgated by Assignor (the "Shoreline Management Plan"), as the same may be revised, renewed, extended and amended from time to time.

e. Assignee acknowledges that some of the Leases are located within that certain subdivision (the "Ranch") of record in Palo Pinto County, Texas according to the map or plat of record in Volume 7, Page 71, Plat Records of Palo Pinto County, Texas, as it may be amended or modified from time to time. In addition to terms and conditions set forth herein, those Leases which are part of the Ranch are also subject to (i) the terms of that certain Agreement by and among the Authority, The Ranch on Possum Kingdom, L.P., and Hill Country Harbor Village, L.P. (the "Ranch Agreement") effective as of August 1, 1997 and dated December 12, 1997, and (ii) the restrictions and covenants set forth in that certain Declaration of Covenants, Conditions and Restrictions for The Ranch on Possum Kingdom Palo Pinto County, Texas (the "Ranch Declarations") dated December 8, 1997, as recorded in Vol. 944, Page 403 of the Official Public Records of Palo Pinto County, Texas.

f. Assignor makes and has made NO REPRESENTATION OR WARRANTY, express or implied, as to the existence or non-existence of any lessee defaults, or conditions which, with the passage of time, would become defaults, under the Leases. Assignee, as lessor under the Leases as to Assignee's Property, shall have all rights and remedies which may be permitted under such Leases in the event of the existence of any defaults occurring prior to the date hereof, and Assignor shall have no obligation to exercise any such rights or remedies or to cure such defaults, if any.

g. Assignee acknowledges that some improvements on the Assignee's Property encroach into the FERC Project Area (as defined in the FERC License) or across individual leased lot lines and onto a neighboring leased lot. To the extent not already approved by FERC, the Assignor intends to file an application with FERC to obtain permission for selected encroachments into the FERC Project Area, in Assignor's discretion, to remain in place. If FERC does not approve such encroachments, Assignee shall cooperate with Assignor in removing or modifying (or causing the removal or modification of) such encroachments to conform to FERC's requirements. If FERC does approve such encroachments, Assignee acknowledges that such improvements are still considered an encroachment onto Assignor's Property and further, such FERC approval does not convey, and shall not be deemed or considered a conveyance of, any property rights or interests in the Assignor's Property or FERC Project Area to Assignee. **Regardless, any further encroachments into the FERC Project Area are strictly prohibited.** In addition, Assignee acknowledges that the metes and bounds description for individual Leases may overlap with the metes and bounds descriptions for an adjacent leased lot (i.e., two Leases purportedly convey rights in the same strip of land); and Assignor shall have no liability for any claims or disputes related thereto.

h. 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 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.

i. 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.

3. Cooperation. Assignee will use good faith efforts to observe and perform all the obligations imposed upon the lessor under the Leases with respect to Assignee's Property and

will use good faith efforts not to do or permit to be done anything to impair any of the Leases. Assignee agrees to use good faith efforts to require the lessees' compliance with the applicable terms, provisions, and conditions of the Shoreline Management Plan and other Assignor regulations, the Declaration of Restrictive Covenants and Conditions recorded of record on or before the date hereof in the counties in which the Assignee's Property is located, the FERC License, the Ranch Agreement and Ranch Declarations (to the extent applicable), and the Leases, and to exercise Assignee's remedies thereunder for a violation of the foregoing by any lessee. Assignor and Assignee agree to cooperate with regard to the enforcement of any such violation.

4. Indemnification. Assignee hereby indemnifies and will defend and hold Assignor harmless from any loss, attorney's fees, expenses or claims arising out of or related to Assignee's failure to perform any of the obligations of lessor under the Leases pertaining to Assignee's Property from and after the Effective Date.

5. Entire Agreement. This Assignment contains the entire agreement between Assignor and Assignee pertaining to the Leases. No covenant, representation or condition not expressed herein shall be binding upon Assignor or Assignee or shall affect or be effective to interpret, change or restrict the provisions of this Assignment.

6. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Headings. The headings, captions, numbering system, etc. are inserted in this Assignment as a matter of convenience only, and shall not control or affect the meaning or construction of any provision of this Assignment.

8. Counterparts. This Assignment may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical.

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

ASSIGNOR:

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

By: _____
Name: _____
Title: _____

ASSIGNEE:

By: _____
Name: _____
Title: _____

EXHIBIT A

Leases

EXHIBIT B

Property

EXHIBIT C

Assignee's Property

EXHIBIT D

Lease Rate Methodology