

LEASE

This Lease is made between Frog Pond Lake Water Control and Improvement District No. 1 ("Lessor"), whose address for purposes of notice under this Lease is P.O. Box 818, Colmesneil, Texas 75938, and Frog Pond Property Owners' Association, Inc. ("Lessee"), whose address for purposes of notice under this Lease is P. O. Box 284, Colmesneil, Texas 75938.

The parties agree as follows:

1. **AGREEMENT TO LEASE, DESCRIPTION OF PROPERTY:** The Lessor leases to Lessee, and the Lessee rents from Lessor, the following described property being the lake bed of Frog Pond Lake as situated in Tyler County, Texas, and more particularly described on the attached Exhibit "A" ("Property").
2. **TERMS OF LEASE:** The term of this Lease shall be for a period of twenty-five (25) years. The Lessee shall have the right to renew this Lease for an additional twenty-five (25) years, terms and conditions being renegotiated at that time, by delivering a written notice of intention to renew Lease to Lessor no later than ninety (90) days from the end of the term.
3. **RENTAL:** Lessee shall pay to Lessor as rent at the address set forth above, or at any address that Lessor may designate, in lawful money of the United States of America, the sum of One Dollar (\$1.00) per year.
4. **AS IS:** The Property is being leased on an "as is basis" THE SUBJECT TRACT IS CONVEYED BY LESSOR AND, BY ITS ACCEPTANCE HEREOF, ACCEPTED BY LESSEE "AS IS, AND WITH ALL FAULTS AND OTHER THAN THE WARRANTY OF TITLE HEREIN MADE, LESSOR MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, WHETHER EXPRESSED, IMPLIED OR STATUTORY, WITH RESPECT TO THE SUBJECT TRACT. LESSEE, BY LESSEE'S ACCEPTANCE HEREOF, IS NOT RELYING ON ANY WARRANTY OR REPRESENTATION OF LESSOR OR ANY AGENT, EMPLOYEE, REPRESENTATIVE, DIRECTOR OR OFFICER OF LESSOR, AND THAT LESSEE IS ACQUIRING THE PROPERTY "AS IS" SUBJECT TO ALL FAULTS AND WITHOUT ANY EXPRESSED OR IMPLIED WARRANTIES OF ANY KIND INCLUDING, WITHOUT LIMITATION, WARRANTIES AS TO THE CONDITION OF THE SUBJECT TRACT, HABITABILITY, TENANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR THE ENVIRONMENTAL CONDITION OF THE SUBJECT TRACT AND THE PRESENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS THEREON AND LESSOR HEREBY EXPRESSLY DISCLAIMS ANY SUCH WARRANTIES. LESSEE, BY ITS ACCEPTANCE HEREOF, REPRESENTS TO LESSOR THAT

LESSEE HAS DETERMINED (I) THE PHYSICAL CONDITION OF THE SUBJECT TRACT AND THAT THERE IS NO DEFECT OR CONDITION WHICH IS UNACCEPTABLE TO LESSEE, (II) WHETHER ANY PORTION OF THE SUBJECT TRACT LIES IN ANY FLOOD PLAIN, FLOODWAY OR ANY SPECIAL FLOOD HAZARD AREA, (III) WHETHER ANY GEOLOGICAL FAULT OR UNSATISFACTORY SOIL CONDITION EXISTS ON ANY PORTION OF THE SUBJECT TRACT, AND (IV) THAT ALL ENVIRONMENTAL CONDITIONS RELATING TO THE SUBJECT TRACT ARE ACCEPTABLE TO LESSEE.

5. **TAXES:** Lessor shall be responsible for any taxes on the Property. Lessee and/or its members shall be responsible for all taxes assessed during the term of this Lease on any personal property of Lessee and/or its members on or about the premises.
6. **SUBORDINATION:** This Lease and all rights of Lessee under it are and shall be subject to and subordinate to the rights of any mortgage holder now or hereafter having a security interest in the Property.
7. **LESSEE'S COVENANTS:** Lessee further covenants as follows:
 - A. To pay the rental and every installment of it when it comes due; to use the Property in a careful and proper manner for the express purpose of operating a reservoir for the use and benefit of Lessee's members and authorized guests; to commit or permit no waste or damages to the premises; to conduct or permit no business or act that is a nuisance or may be in violation of any federal, state, or local law or ordinance; to surrender the premises on expiration or termination of this Lease in clean condition and good repair, normal wear and tear excepted, provided, however, that all alterations, additions, and improvements permanently attached to the Property and made by Lessee, its successors, sub lessees, and assigns, excluding any bulkheads, docks or other structures constructed by the Lessee's members adjacent to their own properties, shall become and remain the property of Lessor on the termination of Lessee's occupancy of the premises.
 - B. To indemnify and hold harmless Lessor from all costs, losses, damages, liabilities, expenses, penalties, and fines whatsoever that may arise from or be claimed against Lessor, its officers and directors, or the Property by any person or persons for any injury to person or property or damage of whatever kind or character arising from the use or occupancy of the Property by Lessee; from any neglect or fault of Lessee or the agents and the employees of Lessee in using and occupying the premises; or from any failure by Lessee to comply and conform with all laws, statues, ordinances, and regulations of any governmental body or subdivision now or hereafter in force. The indemnification does not include damages caused by Lessor' s conduct or parties acting on behalf of Lessor or third parties not affiliated with Lessee.

- C. To protect and make every effort not to damage the Frog Pond Lake spillway, and associated equipment and structures including adopting and enforcing rules and regulations for the use of the Property.
- D. To make no alterations in or additions or improvements to the Property before obtaining the written consent of Lessor. If any alterations, additions, or improvements in or to the premises are made necessary by reason of the special use and occupancy of the premises by Lessee, Lessee shall make all such alterations, additions, and improvements in or to the premises at its own expense and in compliance with all building codes, ordinances, and governmental regulations pertaining to such work, use, or occupancy. Lessee shall hold Lessor harmless against all expenses, liens, claims, and damages to either property or person that may or might arise because any repairs, alterations, additions, or improvements are made.
- E. To permit Lessor and Lessor's agents, representatives and employees to enter, inspect and make such repairs to the leased Property as Lessor may reasonably desire, at all reasonable times.
- F. To not make any alterations, additions, or improvements to the Property without the prior written consent of the Lessor, Consent for nonstructural alterations, additions, or the Lessor shall not unreasonably withhold improvements. All alterations, additions, improvements made by Lessee shall become the Property of Lessor at the termination of this Lease, excluding any bulkheads, docks or other structures constructed by the Lessee' s members adjacent to their own properties.
- G. To not permit any mechanic's lien or liens to be placed upon the Property or upon improvements on the premises. If default in payment of the lien continuous for ten (10) days after written notice from Lessor to Lessee, Lessor may at its option pay the lien or any portion of it without injury as to its validity any amount paid by Lessor to remove a mechanic's lien caused to be filed against the premises or against improvements on the premises by Lessee including expenses and interests, shall be due from Lessee to Lessor and shall be repaid to Lessor immediately on rendition of written notice, together with interest at 5% per annum until paid.
- H. To give immediate written notice of the damage or destruction to Lessor including a description of the damage and as far as known to Lessee, the cause of the damage, if the Property or any structures or improvements on the Property should be damaged or destroyed by flood, fire, tornado or other casualty

- I. To comply with all applicable state, local and federal laws dealing with reservoirs. If at any time, Lessee personally fails to abide by any such state, local or federal law, Lessee will be considered to be in default of this Lease.

8. **LESSOR'S COVENANT:** Lessor will warrant and defend Lessee in the enjoyment and peaceful possession of the Property during the aforesaid term. Lessor will maintain ownership of the Property and will not transfer or assign the Property during the term of this Lease. Lessee is herein granted authority to manage all aspects of the operation of the lake, including but not limited to determining water levels, fish and aquatic plant control/ and establishing all rules and regulations relating to control of access to the lake, subject to Lessor's review and approval.

9. **DEFAULT:** If Lessee shall allow the rent to be in arrears more than thirty (30) days after due date, or shall remain in default under any other condition of this Lease for a period of ten (10) days after notice from Lessor, Lessor shall have the option to do any one or more of the following without notice or demand to Lessee in addition to and not in limitation of any other remedy permitted by law or by this Lease:

A. Terminate this Lease, in which event Lessee shall immediately surrender the Property to Lessor, but if Lessee shall fail to do so, Lessor may, without notice and without prejudice to any other remedy Lessor may have for possession or arrearage in rent, enter upon and take possession of the Property and expel or remove Lessee and its effects by force if necessary, without being liable to prosecution or any claim for damages therefore. Lessee shall indemnify Lessor for all loss and damage which Lessor may suffer by reason of such termination, whether through inability to repair the Property in satisfactory terms, or through decrease in rent or otherwise.

B. Enter upon and take possession of the Property as the agent of the Lessee, by force if necessary, without being liable to prosecution or any claim therefor.

C. Lessor may, as agent of Lessee, do whatever Lessee is obligated to do by the provisions of this Lease agreement and may enter the Property by force if necessary, without being liable to prosecution or any claim for damages therefor, in order to accomplish this purpose. Lessor shall not be liable for any damages resulting to Lessee from such action, whether caused by the negligence of Lessor or otherwise.

10. **CUMULATIVE REMEDIES:** All rights and remedies of Lessor and Lessee under this article shall be cumulative, and none shall exclude any other right or remedy provided by law, or by any other provision of this Lease. All such rights and remedies may be exercised and enforced concurrently and whenever, ad as often, as occasion for their exercise arises. All such rights and remedies may be exercised and enforced concurrently and whenever, and as often, as occasion for their exercise arises.

11. **WAIVER OF BREACH:** A waiver by either Lessor or Lessee of a breach of this Lease by the other party does not constitute a continuing waiver or a waiver of any subsequent breach of the Lease.

12. **INSURANCE:** If Lessor acquires liability insurance or property damage insurance with respect to the Property, it will make its best efforts to have Lessee added as an additional insured.

13. **ELECTION BY LESSOR NOT EXCLUSIVE:** The exercise by lessor of any right or remedy to collect rent or enforce its rights under this Lease will not be a waiver or preclude the exercise of any other right or remedy afforded Lessor by this Lease agreement or by statute or law. The failure of Lessor in one or more instances to insist on strict performance or observations of one or more of the covenants or conditions of this Lease or to exercise any remedy, privilege, or option conferred by this Lease on or reserved to Lessor shall not operate or be construed as a relinquishment or future waiver of the covenant or condition or the right to enforce it or to exercise that remedy, privilege, or option; that right shall continue in full force and effect, The receipt by Lessor of rent or any other payment or part of payment required to be made by the Lessee shall not act to waive any other additional rent or payment then due. Even with the knowledge of the breach of any covenant or condition of this Lease, receipt will not operate as or be deemed to be a waiver of this breach, and no waiver by Lessor of any of the provisions of this Lease, or any of Lessor's rights, remedies, privileges, or options under this Lease, will be deemed to have been made unless made by Lessor in writing.

No surrender of the premises for the remainder of the term of this Lease will be valid unless accepted by Lessor in writing. Lessee will not assign or sublet this Lease without Lessor' s prior written consent. No assignment of sublease, by assuming such status, will become obligated to perform every agreement of this Lease to be performed by Lessee, except that a Sublessee shall be obligated to perform such agreements only insofar as they relate to the subleased part of the property and the rent required by the sublease. Sublessee will be obligated to pay rent directly to Lessor only after Sublessee's default in payment and written demand from Lessor to Sublessee to pay rent directly to Lessor.

14. **ATTORNEY'S FEES AND COSTS:** If as a result of a breach of this agreement by either party, the other party employs an attorney or attorneys to enforce its rights under this Lease, then the breaching party agrees to pay the other party the reasonable attorneys' fees costs incurred to enforce the Lease.

15. **FORCE MAJEURE:** Neither Lessor nor Lessee are required to perform any term, condition or covenant in this Lease so long as performance is delayed or prevented by force majeure, which shall mean acts of god, strikes, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, any other cause not reasonably within the control of Lessee and which by the exercise of due diligence Lessor or Lessee are unable, wholly or in part, to prevent or overcome.

16. **TIME OF ESSENCE:** Time is of the Essence.

17. **ADDRESSES FOR PAYMENTS AND NOTICES:** Rent payments and notices to Lessor shall be mailed or delivered to the address set forth on the first page of this Lease, unless Lessor advises Lessee differently in writing.

Notices to Lessee may be mailed or delivered to the Property, and proof of mailing or posting of those notices to the Property will be deemed the equivalent of personal service on Lessee. All notices to either party shall be sent by certified or registered mail, return receipt requested.

18. **CAPTIONS:** The captions and paragraphs or letters in this Lease are inserted only as a matter of convenience and in no way define, limit construe, or describe the scope or intent of the sections or articles of this Lease or affect this Lease in any way.

19. **TEXAS LAW:** This Lease will be governed by the laws of the State of Texas, as to both interpretations and performance and Tyler County shall be the venue for any suit arising from it.

20. **ENTIRE AGREEMENT:** This Lease sets forth all the promises, agreements, conditions, and understandings between Lessor and Lessee relative to the Property. There are no other promises, agreements, conditions, or understandings, either oral or written, between them. No subsequent alteration, amendment, change, or addition to this Lease will be binding on Lessor or Lessee unless in writing and signed by them and made a part of this Lease by direct reference.

21. **TERMS INCLUSIVE:** As used herein, the terms "Lessor" and "Lessee" include the plural whenever the context requires or admits.

22. **REPRESENTATIVES BOUND HEREBY:** The terms of this Lease will be binding on the respective successors, representatives, and assigns of the parties.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease Agreement on

March 17 '2018.

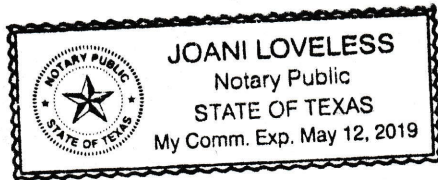
LESSOR:

FROG POND LAKE WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

By:

Cris Thompson
Cris Thompson, President

STATE OF TEXAS §
 §
COUNTY OF TYLER §



SUBSCRIBED, SWORN TO AND ACKNOWLEDGED BEFORE ME by Cris
Thompson, President of Frog Pond Lake Water Control and Improvement District No. 1,
on this the 17th day of March 2018.

Joani Loveless
Notary Public in and for
the State of Texas

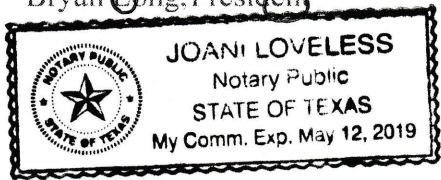
LESSEE:
FROG POND LAKE PROPERTY OWNERS'
ASSOCIATION, INC.

By:

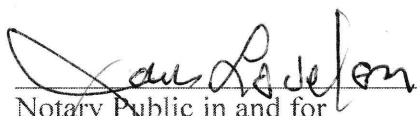


Bryan Long, President

STATE OF TEXAS §
 §
COUNTY OF TYLER §



SUBSCRIBED, SWORN TO AND ACKNOWLEDGED BEFORE ME by Bryan Long,
President of Frog Pond Property Owners Association, on this the 17th day of
March 2018.


Notary Public in and for
the State of Texas