



**TEXAS ASSOCIATION OF REALTORS®
COMMERCIAL CONTRACT - UNIMPROVED PROPERTY**

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1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: Lakeway Municipal Utility District

Address: c/o Earl Foster, General Manager, 1097 Lohmans Crossing Road, Lakeway, Texas 78734-4459

Phone: 512-261-6222 x 140

Fax: _____

E-mail: efoster@lakewaymud.org

Buyer: HSD-Lakeway Holdings Ltd and or Associates

Address: 8101 Lakeway Blvd Ste 100 Lakeway, TX 78734

Phone: 512-640-0513

Fax: 512-306-1620

E-mail: janet@legendcommunitiesinc.com or hlawyer@legendcommunitiesinc.com

2. **PROPERTY:**

- A. "Property" means that real property situated in Travis County, Texas at 1931 Lohmans Crossing, Lakeway, Texas 78739

(address) and that is legally described on the attached Exhibit "A" attached or as follows:

Seller's right, title & interest in

- B. Seller will sell and convey the Property together with:

(1) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;

(2) ~~Seller's interest in all leases, rents, and security deposits for all or part of the Property; and~~

(3) Seller's interest in all licenses and permits related to the Property. See Section 2 of the Special Provisions Addendum.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)

(If mineral rights are to be reserved an appropriate addendum should be attached.)

3. **SALES PRICE:**

- A. At or before closing, Buyer will pay the following sales price for the Property:

(1) Cash portion payable by Buyer at closing \$ _____

(2) Sum of all financing described in Paragraph 4 \$ _____

(3) Sales price (sum of 3A(1) and 3A(2)) \$ 13,150,000.00

\$ 12,513,318.00 *

(TAR-1602) 1-26-10

Initialed for identification by Seller [Signature]

and Buyer [Signature]

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Contract sjs 11.3.15-14

Bid Packet Section VI

Modified Commercial Contract - Unimproved Property and Special Provisions Addendum

See Exhibit A
and Section 2 of
the Special Provisions
Addendum
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B. Adjustment to Sales Price: (Check (1) or (2) only.)

☒ (1) The sales price will not be adjusted based on a survey.

☐ (2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.

(a) The sales price is calculated on the basis of \$ _____ per:

☐ (i) square foot of ☐ total area ☐ net area.

☐ (ii) acre of ☐ total area ☐ net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:

☐ (i) public roadways;

☐ (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and

☐ (iii) _____

(c) If the sales price is adjusted by more than _____ % of the stated sales price, either party may terminate this contract by providing written notice to the other party within _____ days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:

☐ A. Third Party Financing: One or more third party loans in the total amount of \$ _____ This contract:

☐ (1) is not contingent upon Buyer obtaining third party financing.

☐ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum.

☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum, Buyer will assume the existing promissory note secured by the Property, which balance at closing will be \$ _____.

☐ C. Seller Financing: The delivery of a promissory note and deed of trust from Buyer to Seller under the terms of the attached Commercial Contract Financing Addendum in the amount of \$ _____.

5. EARNEST MONEY:

A. Not later than 3 days after the effective date, Buyer must deposit \$ 50,000.00 as earnest money with Debra Holloway, Gary Title (escrow agent) at Gary's Title - 1931 Lohmans Crossing (address) 78739 (city). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.

B. Buyer will deposit an additional amount of \$ 50,000.00 with the escrow agent to be made part of the earnest money on or before:

☒ (i) 3 days after Buyer's right to terminate under Paragraph 7B expires; or

☐ (ii) _____

Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

C. Buyer may instruct the escrow agent to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY AND SURVEY:

A. Title Policy: Buyer's

- (1) Seller, at ~~Seller's~~ expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by _____ (title company) in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
- (a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
 - (b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise. * See Section 3 of the Special Provisions Addendum.
- (2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
- ☐ (a) will not be amended or deleted from the title policy. option and
- ☒ (b) will be amended to read "shortages in areas" at the expense of ☒ Buyer ☐ Seller.
- (3) Within 20 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within 15 days after the effective date: See Section 4 of Special Conditions Addendum

- ☐ (1) ~~Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.~~
- ☐ (2) ~~Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.~~
- ☒ (3) ~~Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller _____ (insert amount) of the cost of the new or updated survey at closing, if closing occurs.~~

C. Buyer's Objections to the Commitment and Survey: the Survey defined in Section 4 of the Special Provisions Addendum

- (1) Within 15 days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

(2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.

(3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION: See Section 5 of Special Conditions Addendum.

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: NOT APPLICABLE

B. Feasibility Period: Buyer may terminate this contract for any reason within ~~120~~ 180 days after the effective date (feasibility period) by providing Seller written notice of termination. (Check only one box.)

☒ (1) ~~If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less \$ 3,000.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the escrow agent. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.~~

☐ (2) Not later than 3 days after the effective date, Buyer must pay Seller \$ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Buyer must:

- (a) employ only trained and qualified inspectors and assessors;
- (b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
- (c) abide by any reasonable entry rules or requirements of Seller;
- (d) not interfere with existing operations or occupants of the Property; and
- (e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from

See
Special
Provisions
Addendum.

Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

- (1) Delivery of Property Information: Within 15 days after the effective date, Seller will deliver to Buyer: (the following to the extent these items are in Seller's possession or control.)
- ☐ (a) ~~copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;~~
 - ☐ (b) ~~copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;~~
 - ☒ (c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property; including documentation relating to the well site and plugging records;
 - ☒ (d) copies property tax statements for the Property for the previous 2 calendar years;
 - ☒ (e) plats of the Property;
 - ☒ (f) copies of current utility capacity letters from the Property's water and sewer service provider; and
 - ☒ (g) Copy of the existing license agreement affecting a portion of the Property, terminable on 15 days' notice.

- (2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer and all copies that Buyer made of those items; and (b) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed. This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

~~A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:~~

- ~~(1) any failure by Seller to comply with Seller's obligations under the leases;~~
- ~~(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;~~
- ~~(3) any advance sums paid by a tenant under any lease;~~
- ~~(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and~~
- ~~(5) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.~~

~~B. Estoppel Certificate:~~ Within _____ days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than _____ by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version

~~of TAR Form 1039 - Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.~~

9. **BROKERS:** * See Section 6 of the Special Provisions Addendum

A. The brokers to this sale are:

| | | | |
|---|--------------------|---|--------------------|
| <u>Principal Broker</u> | <u>License No.</u> | <u>Cooperating Broker</u> | <u>License No.</u> |
| <u>Agent</u> | | <u>Agent</u> | |
| <u>Address</u> | | <u>Address</u> | |
| <u>Phone</u> | <u>Fax</u> | <u>Phone</u> | <u>Fax</u> |
| <u>E-Mail</u> | | <u>E-Mail</u> | |
| <u>Principal Broker (Check only one box):</u> | | <u>Cooperating Broker represents Buyer:</u> | |
| <input type="checkbox"/> represents Seller only. | | | |
| <input type="checkbox"/> represents Buyer only. | | | |
| <input type="checkbox"/> is an intermediary between Seller and Buyer. | | | |

B. ~~Fees: (Check only (1) or (2) below.)~~

- ☐ ~~(1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.~~

- ☐ ~~(2) At the closing of this sale, Seller will pay:~~

~~Principal Broker a total cash fee of:~~

☐ ~~% of the sales price.~~

☐ ~~_____~~

~~Cooperating Broker a total cash fee of:~~

☐ ~~% of the sales price.~~

☐ ~~_____~~

~~The cash fees will be paid in _____ County, Texas. Seller authorizes escrow agent to pay the brokers from the Seller's proceeds at closing.~~

~~NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.~~

~~G. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.~~

10. **CLOSING:** See Section 7 of Special Provisions Addendum.

A. The date of the closing of the sale (closing date) will be on or before the later of:

(1) ☐ _____ days after the expiration of the feasibility period.

☐ _____ (specific date).

☐ _____

(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

- C. At closing, Seller will execute and deliver, at Seller's expense, a ☐ general ☒ special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:
- (1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
 - (2) without any assumed loans in default; and
 - (3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.
- D. At closing, Seller, at Seller's expense, will also deliver to Buyer:
- (1) tax statements showing no delinquent taxes on the Property;
 - ~~(2) an assignment of all leases to or on the Property;~~
 - (3) to the extent assignable, an assignment to Buyer of any licenses, and permits related to the Property; without warranty
 - (4) evidence that the person executing this contract is legally capable and authorized to bind Seller;
 - (5) an affidavit acceptable to the escrow agent stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the escrow agent to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and
 - (6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary. in forms reasonably acceptable to Seller
- E. At closing, Buyer will:
- (1) pay the sales price in good funds acceptable to the escrow agent;
 - (2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
 - (3) ~~sign and send to each tenant in a lease for any part of the Property a written statement that:~~
~~(a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and~~
~~(b) specifies the exact dollar amount of the security deposit;~~
 - (4) ~~sign an assumption of all leases then in effect; and~~
 - (5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.
- F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.
11. **POSSESSION:** Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.
12. **SPECIAL PROVISIONS:** *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*
- See Special Provisions Addendum attached hereto and incorporated herein by reference.

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:

- (1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
- (2) release of Seller's loan liability, if applicable;
- (3) ~~tax statements or certificates;~~
- (4) preparation of the deed;
- (5) ~~one-half of any escrow fee;~~
- (6) ~~costs to record any documents to cure title objections that Seller must cure; and~~
- (7) ~~other expenses that Seller will pay under other provisions of this contract.~~

B. Buyer's Expenses: Buyer will pay for the following at or before closing:

- (1) all loan expenses and fees;
- (2) preparation of any deed of trust;
- (3) recording fees for the deed and any deed of trust;
- (4) premiums for flood insurance as may be required by Buyer's lender;
- (5) ~~one-half of any escrow fee;~~
- (6) other expenses that Buyer will pay under other provisions of this contract, and all expenses not expressly to be paid by Seller.

14. PRORATIONS:

A. Prorations:

- (1) ~~Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.~~
- (2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
- (3) ~~If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.~~ See Section 8 of the Special Provisions Addendum.

B. Rollback Taxes: ~~If Seller changes the use of the Property before closing or if a denial of a special valuation on the Property claimed by Seller results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.~~

C. Rent and Security Deposits: ~~At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.~~

15. DEFAULT:

A. If Buyer fails to comply with this contract, Buyer is in default and Seller may:

- (1) terminate this contract and receive the earnest money, as liquidated damages and as Seller's sole remedy; or
- (2) ~~seek any other relief provided by law. Seller ☐ may ☐ may not enforce specific performance.~~

as Seller's sole and exclusive remedy.

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Initialed for Identification by Seller JB and Buyer [Signature]

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- B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
- (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
 - (2) extend the time for performance up to 15 days and the closing will be extended as necessary.
- C. Except as provided in Paragraph 15B, If Seller fails to comply with this contract, Seller is in default and Buyer may as Buyer's sole remedies:
- (1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and ~~as Buyer's sole remedy;~~ or
 - (2) ~~enforce specific performance, or seek such other relief as may be provided by law, or both.~~
- 16. CONDEMNATION:** If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:
- A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or
 - B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
 - (1) Seller and the sales price will be reduced by the same amount; or
 - (2) Buyer and the sales price will not be reduced.
- 17. ATTORNEY'S FEES:** If Buyer ^{or} Seller, ~~any broker, or any escrow agent~~ is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.
- 18. ESCROW:**
- A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, escrow agent may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of escrow agent from all parties.
 - B. If one party makes written demand for the earnest money, escrow agent will give notice of the demand by providing to the other party a copy of the demand. If escrow agent does not receive written objection to the demand from the other party within 15 days after the date escrow agent sent the demand to the other party, escrow agent may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors.
 - C. Escrow agent will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.
 - D. If escrow agent complies with this Paragraph 18, each party hereby releases escrow agent from all claims related to the disbursement of the earnest money.
 - E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to escrow agent are effective upon receipt by escrow agent.
 - F. Any party who wrongfully fails or refuses to sign a release acceptable to escrow agent within 7 days after receipt of the request will be liable to the other party for liquidated damages in an amount equal to the sum of: (i) three times the amount of the earnest money; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

☐ A. Seller is not aware of any material defects to the Property except as stated in the attached Property Condition Statement.

☐ B. Except as otherwise provided in this contract, Seller is not aware of:

- (1) any subsurface structures, pits, waste, springs, or improvements;
- (2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
- (3) any environmental hazards or conditions that materially affect the Property;
- (4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
- (5) whether radon, asbestos-containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
- (6) any wetlands, as defined by federal or state law or regulation, on the Property;
- (7) any threatened or endangered species or their habitat on the Property;
- (8) any present or past infestation of wood-destroying insects in the Property's improvements;
- (9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
- (10) any condition on the Property that violates any law or ordinance.

See Section 9 of Special Conditions Addendum

(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.

☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

(TAR-1802) 1-26-10

Initialed for Identification by Seller

TSB

and Buyer

[Signature]

Page 10 of 13

Contract s/s 10.30.15 - g

D. Addenda which are part of this contract are: (Check all that apply.)

- ☒ (1) Property Description Exhibit Identified in Paragraph 2;
- ☐ (2) Commercial Contract Financing Addendum (TAR-1931);
- ☐ (3) Commercial Property Condition Statement (TAR-1408);
- ☐ (4) Commercial Contract Addendum for Special Provisions (TAR-1940);
- ☐ (5) Notice to Purchaser of Real Property in a Water District (MUD);
- ☐ (6) Addendum for Coastal Area Property (TAR-1915);
- ☐ (7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);
- ☐ (8) Information About Brokerage Services; and
- ☒ (9) Special Provisions Addendum

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

- E. Buyer ☐ may ☒ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract.

23. **TIME:** Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. **EFFECTIVE DATE:** The effective date of this contract for the purpose of performance of all obligations is the date the escrow agent receipts this contract after all parties execute this contract.

25. **ADDITIONAL NOTICES:**

- A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.
- B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.
- C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.
- D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract.

(TAR-1802) 1-26-10

Initiated for Identification by Seller

and Buyer

Page 11 of 13

Contract s/s 10.20.15 -

- E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.
- F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of inspectors and repairmen is the responsibility of Buyer and not the brokers.
26. ~~CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on _____, the offer will lapse and become null and void.~~

** See Special Provisions Addendum **

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: Lakeway Municipal Utility District

Buyer: HSD-Lakeway Holdings, Ltd

By: _____

By: _____

By (signature): Larry Burmeier

By (signature): [Signature]

Printed Name: LARRY BURMEIER

Printed Name: Harold Dawlat

Title: PRESIDENT

Title: President

By: _____

By: _____

By (signature): _____

By (signature): _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay _____ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- ☐ \$ _____, or
☐ _____ % of the sales price, or
☐ _____ % of the Principal Broker's fee.

Escrow agent is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker _____

Cooperating Broker _____

By: _____

By: _____

ATTORNEYS

Seller's attorney: Susan J. Savage

Buyer's attorney: Brent Stahl

Hurst Savage & Vanderburg, LLP

Address: 814 West 10th Street, Austin, Texas 78701

Address: 7825 N. Mopac, Ste 221

Phone & Fax: 512-474-8414 612-435-0117

Phone & Fax: 512-346-5558

E-mail: ssavage@hsvllp.com

E-mail: bstahl@shausnhlaw.com

Seller's attorney requests copies of documents, notices, and other information:

- ☒ the title company sends to Buyer.
☒ Seller sends to Buyer.
☐ Buyer Sends to Seller

Buyer's attorney requests copies of documents, notices, and other information:

- ☒ the title company sends to Seller.
☒ Buyer sends to Seller.

ESCROW RECEIPT

Escrow agent acknowledges receipt of:

☒ A. the contract on this day 3-31-16 (effective date);

☒ B. earnest money in the amount of \$ 50,000.00 in the form of wire on 4-4-2016

Escrow Agent: Debra Holloway

Address: 1931 Lohmans Crossing

By: Robyn McNabb

Austin, TX 78734 #100

Assigned file number (GF#): 01247-55804

Phone & Fax: 512/461-7819/512/261-7829

E-mail: Debra@GracyTitle.com

RMcnabb@GracyTitle.com

EXHIBIT A
DESCRIPTION OF THE PROPERTY

Approximately 81 acres of land, more or less, being all of Lot One, Lakeway M.U.D. E-5 Tank Final Plat, a subdivision in Travis County, Texas according to the map or plat thereof of record under Document No. 200800329, Official Public Records of Travis County, Texas, and commonly referred to as 1931 Lohmans Crossing Road in Lakeway, Texas, SAVE AND EXCEPT:

(i) that certain tract of land comprising approximately 1.043 acres of land out of the Jasper Woolridge Survey No. 196, being more particularly described on **Exhibit A-1** attached hereto and made a part hereof for all purposes (the "Tank Site), which 1.043 acre tract of land is reserved by Seller and shall not comprise part of the Property to be conveyed; and

(ii) that certain tract of land comprising approximately 3.648 acres of land out of the Jasper Woolridge Survey No. 196, being more particularly described on **Exhibit A-2** attached hereto and made a part hereof for all purposes (the "Waterline Relocation Area"), which 3.648 acre tract of land is reserved by Seller and shall not comprise part of the Property to be conveyed

For purposes of this Contract, Lot One, Lakeway M.U.D. E-5 Tank Final Plat, a subdivision in Travis County, Texas according to the map or plat thereof of record under Document No. 200800329, Official Public Records of Travis County, Texas is hereby referred to as the "Seller Land" (so defined) and is comprised of the Property, the Tank Site and the Waterline Relocation Area.

Lakeway M.U.D.
1.043 Acre Tract
199-08-04

Travis County, Texas
Page 1 of 2
FN68018

METES AND BOUNDS DESCRIPTION

OF A 1.043 ACRE TRACT OF LAND OUT OF THE JASPER WOOLRIDGE SURVEY NO. 186, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THE REMAINDER OF THAT CERTAIN 36.81 ACRE TRACT AS CONVEYED TO LAKEWAY MUNICIPAL UTILITY DISTRICT (LAKEWAY M.U.D.) BY DEED OF RECORD IN VOLUME 11387, PAGE 1850 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD FOUND IN THE NORTHERLY RIGHT-OF-WAY (R.O.W.) OF LOHMANS CROSSING ROAD, BEING THE SOUTHWEST CORNER OF SAID LAKEWAY M.U.D. REMAINDER TRACT, AND BEING THE SOUTHEAST CORNER OF THE TOWERS OF LAKEWAY, A SUBDIVISION OF RECORD IN VOLUME 88, PAGE 237 OF THE PLAT RECORDS OF TRAVIS COUNTY;

THENCE, N27° 12' 04"E, DEPARTING SAID NORTHERLY R.O.W. OF LOHMANS CROSSING ROAD AND ALONG THE COMMON LINE OF SAID TOWERS OF LAKEWAY SUBDIVISION AND SAID LAKEWAY M.U.D. REMAINDER TRACT, A DISTANCE OF 191.87 FEET TO AN IRON ROD FOUND FOR THE NORTHERNMOST CORNER HEREOF;

THENCE, DEPARTING THE EASTERLY LINE OF SAID TOWERS OF LAKEWAY SUBDIVISION, OVER AND ACROSS THE INTERIOR OF SAID LAKEWAY M.U.D. REMAINDER TRACT, THE FOLLOWING TWO (2) COURSES AND DISTANCES:

- 1) S80° 30' 07"E, ALONG THE NORTHERLY LINE HEREOF, A DISTANCE OF 232.81 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE EASTERNMOST CORNER HEREOF;
- 2) S28° 30' 40"W, A DISTANCE OF 188.83 FEET TO A 1/2 INCH IRON ROD FOUND IN THE NORTHERLY R.O.W. OF SAID LOHMANS CROSSING ROAD FOR THE SOUTHERNMOST CORNER HEREOF;

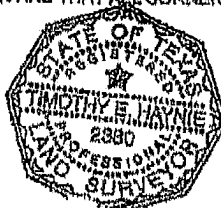
THENCE, N00° 30' 37"W, ALONG SAID NORTHERLY R.O.W. OF LOHMANS CROSSING ROAD, BEING ALSO THE SOUTHERLY LINE OF SAID LAKEWAY M.U.D. REMAINDER TRACT AND HEREOF, A DISTANCE OF 84.48 FEET TO A NAIL FOUND FOR THE POINT OF CURVATURE OF A NON-TANGENT CURVE TO THE RIGHT;

THENCE, ALONG SAID CURVE TO THE RIGHT HAVING A RADIUS OF 577.40 FEET, A CENTRAL ANGLE OF 12° 58' 46", AN ARC LENGTH OF 130.98 FEET, AND A CHORD WHICH BEARS N56° 48' 42"W FOR A CHORD DISTANCE OF 130.71 FEET TO THE POINT OF BEGINNING HEREOF AND CONTAINING 1.043 ACRES OF LAND, MORE OR LESS, WITHIN THESE METES AND BOUNDS.

BEARING BASIS OF THE SURVEY DESCRIBED HEREIN IS PROVIDED BY LOWER COLORADO RIVER AUTHORITY (LCRA) GPS SUB-HARN DATA AND IS REFERENCED TO THE NAD 83 CONTROL DATUM, TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, AND NAVD 83 VERTICAL CONTROL DATUM. ALL COORDINATES AND DISTANCES SHOWN/LISTED ARE RELATIVE TO TEXAS CENTRAL ZONE GRID.

I, TIMOTHY E. HAYNIE, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY SUPERVISION AND THAT ALL CORNERS ARE MARKED AS DESCRIBED.

DATE: 12-10-08
HAYNIE CONSULTING, INC.
ENGINEERS - SURVEYORS
1010 PROVIDENT LANE
ROUND ROCK, TEXAS 78664





TIMOTHY E. HAYNIE
R.P.L.S. NO. 2380
STATE OF TEXAS

Exhibit A-1

Page 1 of 2

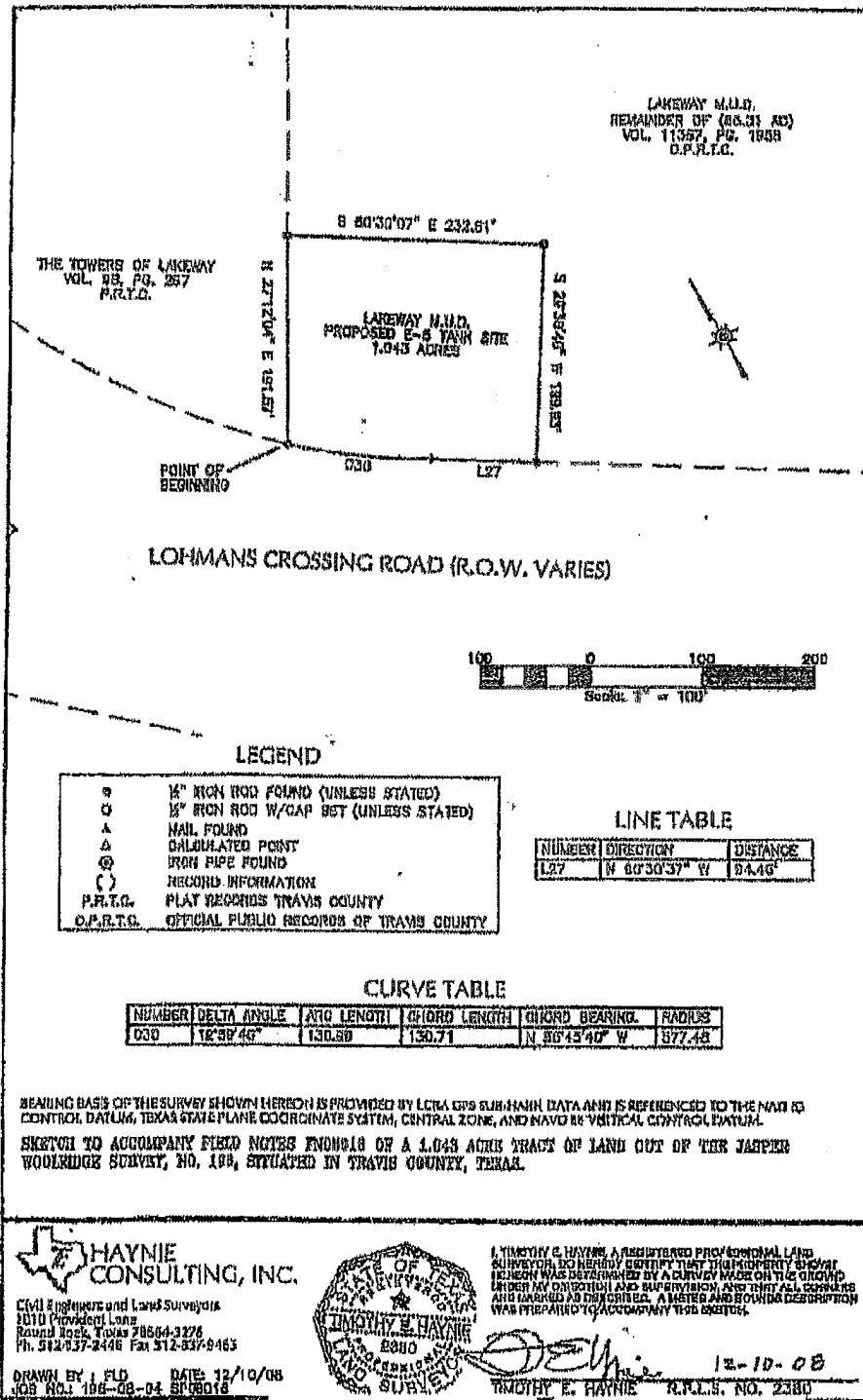


EXHIBIT A-2
DESCRIPTION OF THE WATERLINE RELOCATION AREA

TO BE ADDED

EXHIBIT A-3



The portion of the property shaded in yellow above is within the current service area of WCID # 17. The portion of the property shaded in blue above is within the current service area of Lakeway MUD or WCID # 17. However, Lakeway MUD has petitioned to have this property brought into its District boundaries for water and wastewater services.

SERVICE AREA MAP

SPECIAL PROVISIONS ADDENDUM

This Special Provisions Addendum to Commercial Contract – Unimproved Property (this “Addendum”) is entered into by and between Lakeway Municipal Utility District (“Seller”), and HSD-Lakeway Holdings, Ltd, a Texas limited partnership (“Buyer”), with reference to the Commercial Contract–Unimproved Property between Seller and Buyer (the “Contract”), concerning approximately 81 acres of land in Travis County, Texas (the “Property”), being a portion of Lot One, Lakeway M.U.D. E-5 Tank Final Plat, a subdivision in Travis County, Texas according to the map or plat thereof of record under Document No. 200800329, Official Public Records of Travis County, Texas, and commonly referred to as 1931 Lohmans Crossing Road in Lakeway, Texas.

1. Incorporation Into Contract and Defined Terms. This Addendum is intended to be attached to and incorporated into the Contract for all purposes. In the event of a conflict between the terms and provisions of the Contract and those contained in this Addendum, the terms of this Addendum are intended to be and shall be construed as controlling. All terms delineated with initial capital letters in this Addendum that are defined in the Contract have the same meanings in this Addendum as in the Contract. Other terms not defined in the Contract but defined in this Addendum will, when delineated with initial capital letters, have the meanings ascribed to them in this Addendum. Buyer and Seller are sometimes collectively referred to as the “Parties.” Other terms have the meanings commonly ascribed to them.

2. Section 2B. Property. Concurrently with conveyance of the Property to Buyer, Seller shall allocate and assign to Buyer 125 living unit equivalents (the “LUE’s”) for water and wastewater service; provided that:

(i) all such LUE’s may only be allocated to and used for development of that portion of the real property comprising approximately 22.416 acres of land and being within the Lakeway Municipal Utility District service area (as compared to the remainder of the real property which falls within the WCID District #17 service area); said Lakeway Municipal Utility District Service Area being identified on the service area map attached as **Exhibit A-3** to the Contract and incorporated herein for all purposes; and

(ii) to the extent the LUE’s have not been used by Buyer at the expiration of ten (10) years after the Closing, all unused LUE’s shall automatically revert to the Seller, at no cost to Seller, and Buyer waives all rights to the unused LUE’s upon such reversion.

The provisions of this Section 2 shall be included in an assignment instrument to be executed by Seller and Buyer at Closing, which instrument shall be in form reasonably acceptable to Seller and Buyer, and shall be recorded in the Official Public Records of Travis County, Texas at Closing. Seller and Buyer confirm and agree that the Sales Price for the Property includes the cost of the LUE’s.

3. Section 6A: Title Policy. Buyer shall pay all costs to obtain an Owner's Policy of Title Insurance, including but not limited to the basic premium cost and the cost of all modifications to the promulgated form or endorsements thereto, as may be requested by Buyer.

4. Section 6B: Survey. Within fifteen (15) days after the Effective Date, Seller will deliver to Buyer and the Title Company, a true and correct copy of Seller's most recent survey of the Property (the "Survey"), if one exists. Buyer may, at Buyer's cost, elect to update the Survey or have the Survey recertified in Buyer's name prior to Closing.

5. Section 7: Property Condition.

a. Section 7A: Present Condition. Buyer acknowledges that a portion of the Property is currently subject to a written license agreement (the "License") with Brookdale Lakeway, LLC, which License is terminable by Seller on at least fifteen (15) days prior written notice to the licensee, alternatively, the License expressly provides that the License shall automatically terminate in the event of a sale of the licensed property. Buyer expressly agrees that notwithstanding anything to the contrary in the Contract, Seller may elect, in Seller's sole discretion, to terminate the License prior to Closing.

b. Section 7B: Feasibility Period. Section 7B(1) of the Contract is deleted in its entirety and replaced with the following:

"(1) If Buyer terminates under Paragraph 7B within the initial 120 days of the Feasibility Period, the earnest money shall be refunded to Buyer less \$3,000 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. If Buyer terminates under Paragraph 7B after the initial 120 days of the Feasibility Period but prior to expiration of the 180-day Feasibility Period, the earnest money shall be refunded to Buyer less \$13,000 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the escrow agent. The independent consideration is to be credited to the Sales Price only upon closing of the sale. **If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.**"

c. Section 7D: Property Information. Seller makes no representations or warranties as to the truth, accuracy, completeness, methodology of preparation or otherwise concerning any information prepared by third parties and delivered by Seller to Buyer. Buyer understands and agrees that such materials were and are provided and made available only for Buyer's convenience in making its own examination and determination as to whether it wishes to purchase the Property, and, in doing so, Buyer shall rely on its own independent investigation and evaluation of such materials and not on any materials prepared by third parties and supplied by Seller. Buyer agrees that any reliance on

information or other materials provided to it by Seller or Seller's agents or consultants in connection with Buyer's inspection shall be at Buyer's own risk.

d. Section 7C: Inspections, Studies or Assessments. Buyer shall not conduct or allow any physically intrusive testing of, on or under the Property without first obtaining Seller's consent, which consent shall not be unreasonably withheld, conditioned or delayed, as to the timing and scope of work to be performed and entering into an access agreement in form and substance satisfactory to Seller.

DISCLAIMER OF WARRANTIES; "AS IS" CONVEYANCE. BUYER ACKNOWLEDGES AND AGREES THAT PRIOR TO THE CLOSING DATE, BUYER HAS HAD (OR WILL HAVE PURSUANT TO THE PROVISIONS OF THIS AGREEMENT) ACCESS TO AND SUFFICIENT TIME TO REVIEW ALL INFORMATION, DOCUMENTS, AGREEMENTS, BOOKS AND RECORDS RELATING TO THE PROPERTY WHICH IT DEEMS NECESSARY OR DESIRABLE, AND THAT IT HAS CONDUCTED OR WILL CONDUCT TO ITS SATISFACTION A COMPLETE AND THOROUGH INSPECTION, TESTING, ANALYSIS AND EVALUATION OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL ISSUES, IF ANY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR SELLER'S SPECIAL WARRANTY OF TITLE TO THE REAL PROPERTY CONTAINED IN THE DEED, BUYER IS RELYING BOTH ON BUYER'S INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTY IN DETERMINING WHETHER TO PURCHASE THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER, ITS EMPLOYEES, OFFICERS, AGENTS, AND ATTORNEYS HAVE NOT MADE, DO NOT HEREBY MAKE AND WILL NOT HEREAFTER BE DEEMED TO HAVE MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, WITH RESPECT TO THE PROPERTY, THE PHYSICAL CONDITION OF THE PROPERTY, OR PROFITABILITY OF THE PROPERTY, INCLUDING WITHOUT LIMITATION:

- (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY;
- (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, WHETHER OR NOT OBVIOUS, VISIBLE OR APPARENT;
- (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVICING THE PROPERTY;
- (D) THE PROPERTY'S HABITABILITY, MERCHANTABILITY, FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE;
- (E) THE PRESENCE OF ANY ENVIRONMENTAL CONDITIONS OR HAZARDOUS SUBSTANCES ON, UNDER, IN, OR ABOUT THE

- PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY OR THE EXISTENCE OF ANY UNDERGROUND TANKS, CONTAINERS, OR CONDUITS IN, ON, OR ABOUT THE PROPERTY, OR THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, INCLUDING, BUT NOT LIMITED TO, ANY STATE OR FEDERAL ENVIRONMENTAL LAWS, RULE OR REGULATION;
- (F) THE EXPENSES AND POTENTIAL INCOME ASSOCIATED WITH THE OWNERSHIP, OPERATION, MAINTENANCE, DEVELOPMENT, RENTAL, OR SALE OF THE PROPERTY;
 - (G) THE DRAINAGE, DETENTION REQUIREMENTS, FLOODING CHARACTERISTICS, OR OTHER CONDITIONS EXISTING IN, ON OR UNDER THE REAL PROPERTY; OR
 - (H) EXCEPT FOR SELLER'S SPECIAL WARRANTY OF TITLE AS SET FORTH IN THE DEED, THE QUALITY, STATUS OR MARKETABILITY OF SELLER'S TITLE TO THE REAL PROPERTY.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EXCEPT FOR THE SPECIAL WARRANTY OF TITLE, SELLER IS CONVEYING THE PROPERTY TO BUYER "AS IS, WHERE IS", AND "WITH ALL FAULTS" AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF SELLER. THE FOREGOING PROVISIONS ARE INCORPORATED INTO THE DEED FROM SELLER TO BUYER BY REFERENCE AND SHALL SURVIVE THE CLOSING IN ALL RESPECTS.

6. Section 9: Brokers; Commissions. Seller and Buyer each represent and warrant to the other that no real estate brokerage commission is payable to any person or entity in connection with this transaction, and each agrees to and does hereby indemnify and hold the other harmless against the payment of any commission to any person or entity claiming by, through or under Seller or Buyer, as applicable. The terms and provisions of this paragraph will survive closing or any termination of the Contract.

7. Section 10: Closing. Subject to satisfaction of the Conditions to Closing (defined below), and except as same may be extended pursuant to a valid exercise of a Closing Extension (as defined below), the date of Closing of this sale (the "Closing Date") shall be that date that is thirty (30) days after expiration of the Feasibility Period. Notwithstanding anything to the contrary contained within the Contract, the Closing of this transaction is expressly conditioned upon the satisfaction in full of each the following items (each a "Condition" and collectively, the "Conditions to Closing"):

- a. Drainage, Detention and Water Quality. In conjunction with Closing, and as a condition to Seller's obligation to close this transaction, Buyer and Seller shall enter into

a recordable agreement mutually acceptable to Buyer and Seller (the "Pond Agreement") and approved in form by the City of Lakeway (the "City"), whereby Buyer agrees: (i) to grant at Closing (or to have Seller reserve at Closing) a storm water drainage easement over a portion of the Property in favor of the Tank Site (the "Tank Site Storm Water Easement"); and (ii) in conjunction with Buyer's development of the Property, to construct a drainage, detention and/or water quality pond (the "Pond") on the Property (or in such other location acceptable to Seller), as required by applicable governmental authorities, sufficient to serve the Property and the improvements existing on the Tank Site as of the Effective Date. During the Feasibility Period, Seller and Buyer will negotiate the form of Pond Agreement and Tank Site Storm Water Easement that is reasonably acceptable to each party. Within ninety (90) days after the Effective Date, Buyer will provide Seller with a proposed draft Pond Agreement and Tank Site Storm Water Easement for Seller's review and approval. Seller and Buyer agree to negotiate in good faith to attempt to reach agreement on the Pond Agreement and Tank Site Storm Water Easement prior to expiration of the Feasibility Period. The approved Pond Agreement and Tank Site Storm Water Easement will be executed at Closing. If the Parties are unable to agree to the Pond Agreement and Tank Site Storm Water Easement prior to expiration of the Feasibility Period, or if the City does not approve the form of the Pond Agreement and Tank Site Storm Water Easement prior to expiration of the Feasibility Period, then either Party may terminate the Contract, and the Earnest Money will be refunded to Buyer, less the independent consideration set forth in Section 7B(1) of the Contract, which independent consideration shall be promptly remitted to Seller.

b. Irrigation Water Re-Use. From and after Closing, Buyer agrees to purchase re-use water from Seller on a retail basis for all landscape irrigation on the Property; provided that: (i) any such re-use water shall be provided to Buyer on the same terms and at the same price as re-use water is provided by Seller to its other customers; (ii) sufficient re-use water is available for Buyer's use at a cost which is less than other water available to Buyer for irrigation purposes, and (iii) this provision is expressly subject to the approval of Water Control and Improvement District #17 ("WCID #17") and any other governmental entities with jurisdiction. Buyer agrees to co-operate with Seller in obtaining the said approvals and at Closing, and as a Condition to Closing, Buyer and Seller shall execute reasonable documentation as may be required by WCID#17 or any other governmental entities having jurisdiction, in recordable form if requested by Seller, in order to memorializing this agreement. The terms and provisions of this Section 7(b) will survive the Closing, and will be a covenant running with the Land and binding the Property.

c. Abandonment of Existing Re-Use Waterline. Prior to Closing, Seller may abandon the existing re-use waterline which crosses a portion of the Property, which abandonment shall be completed in accordance with all applicable legal requirements. Nothing herein contained shall obligate the Seller to remove the existing re-use water line or appurtenances thereto from the Property, once such waterline has been abandoned by Seller.

Buyer shall have the right to extend the Closing Date for up to five (5) periods of thirty (30) days each (each a "Closing Extension") by: (i) notifying Seller in writing of such extension and (ii) by depositing the applicable Closing Extension Payment (defined below) with the Seller, both of which must occur at least five (5) days prior to the scheduled Closing Date (as same may have been previously extended pursuant to the valid exercise of a prior Closing Extension). The Closing Extension Payment for the first and second Closing Extensions shall be \$10,000.00 each, and the Closing Extension Payment for the third, fourth and fifth Closing Extensions shall be \$15,000.00 each. Each Closing Extension Payment shall be non-refundable to Buyer but shall be credited towards the Sales Price at Closing, if this transaction closes.

8. Section 14: Prorations. Buyer acknowledges that if the taxable value of the Property is determined by a special appraisal method that allows for appraisal of the Property at less than its market value, the person to whom the Property is transferred may not be allowed to qualify the Property for that special appraisal in a subsequent tax year and the Property may then be appraised at its full market value. In addition, the transfer of the Property or a change in the use of the Property may result in the imposition of an additional tax plus interest as a penalty for the transfer or the change in the use of the Property. Buyer acknowledges that notwithstanding anything to the contrary contained in this Contract, any rollback taxes, penalties and interest levied against the Property relating to any period prior to the date of closing due to the sale of the Property or a change in use or ownership of the Property ("Rollback Taxes") will be paid by Buyer. The provisions of this Section 8 of Special Provisions Addendum shall survive the Closing

9. Section 19: Existing Water Wells. Seller discloses to Buyer that there are six (6) existing water wells on the Property which have been plugged in accordance with the requirements of applicable laws.

10. Section 26: Contract as Offer. The date of delivery of this Contract by Seller to Buyer constitutes the offer date (the "Offer Date") under this Contract. Unless the Buyer accepts this offer by 5:00PM CST on the expiration of the fourteenth (14th) day after the Offer Date, the offer shall lapse and become null and void. Buyer's acceptance of the offer shall be evidenced by Buyer initialing the bottom of all pages of the Contract (including all exhibits and addenda thereto), initialing all manual modifications to the Contract, executing the Contract on Page 12 of 13 of the Contract and on Page 8 of the Special Provisions Addendum to the Contract, and delivering an executed counterpart original of the Contract to the Seller.

11. Miscellaneous Provisions.

a. The Contract and this Addendum may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Transmission of the Contract and this Addendum by fax or electronic mail will be deemed transmission of the original of the Contract and this Addendum for all purposes.

b. Except where (1) otherwise authorized, permitted or required by the express terms of the Contract, and except where (2) notice to, consent or approval of, or joinder by any party has been expressly waived by the provisions hereof, no amendment, modification, deletion, release, termination or extension of, alteration, variance or change in, or supplement to the provisions of, the Contract shall be valid and effective or otherwise binding on the parties hereto, unless, and until, such modification shall have been reduced to writing and executed by the party against the whom the Contract is being enforced.

12. Seller Execution Contingency. Notwithstanding anything to the contrary contained in the Contract, this Contract is expressly contingent upon the approval of this Contract by the Board of the Seller, which the Board may approve or deny for any reason. Seller shall endeavor to obtain approval of this Contract by the Board of the Seller within thirty (30) days after Seller has received from Buyer a complete, executed version of this Contract and all exhibits and addenda thereto. Upon approval by the Board, Seller shall promptly deliver to Buyer a fully executed counterpart original of this Contract and shall lodge the original of this Contract with the Title Company. In the event that Buyer does not receive a fully executed counterpart original of this Contract, as approved by the Board, within forty (40) days after the date Seller receives the signed Contract from Buyer, then this Contract will be void and of no force or effect.

[SIGNATURE PAGES TO FOLLOW]

Executed to be effective on the Effective Date of the Contract.

SELLER:

LAKEWAY MUNICIPAL UTILITY DISTRICT

By: Larry Burmeister
Name: LARRY BURMEIER
Title: PRESIDENT

BUYER:

HSD-Lakeway Holdings, Ltd.,
a Texas limited partnership

By: HSD-Lakeway GP, Inc.,
A Texas corporation
Its General Partner

By: [Signature]
Name: Harmon Dawlett
Title: President