

ROAD MAINTENANCE AGREEMENT

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF HAYS

WHEREAS, BLANCO RANCHES LIMITED PARTNERSHIP, a Texas Limited Partnership, BLANCO RIVERBEND LTD., a Texas Limited Partnership, RIVERBEND DEVELOPMENT, L.L.C. a Limited Liability Company, PETER M. WAY, TRUSTEE, ROBERT W. MAYO, TRUSTEE and the ESTATE OF LIZA HOWELL, DECEASED, entered into a Reciprocal Easement dated May 28, 1998, same having been authorized by the County Court At Law in Hays County, Texas, pursuant to the Estate of Liza Howell, Cause No. 7207, and which Reciprocal Easement is recorded in Volume 1443, Page 522, Hays County Official Public Records; and

WHEREAS, Owners have determined that it would be in the best interest of all parties concerned that a Road Maintenance Agreement be established to provide for the maintenance, repair and upkeep of the Reciprocal Easement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that for and in consideration of the mutual covenants hereinafter provided, the Owners, their heirs, administrators, successors and assigns agree to be bound by the following terms, covenants and conditions:

1. The Reciprocal Easement dated May 28, 1998, recorded in Volume 1443, Page 522, Hays County Official Public Records, shall be known as the Little Arkansas Road, and this Agreement shall provide for the establishment of a Maintenance Fund, to be used for the purpose of repairing, improving and maintaining the Little Arkansas Road, but not for the construction or building of any road.

2. The users of Little Arkansas Road shall be designated as "Primary Users" and "Secondary Users". Primary Users are those Owners who rely exclusively on the Little Arkansas Road as their primary access to and from their property. For purposes of this Agreement, when there is more than one owner of a tract, all of the owners of such tract shall be treated as one Primary User. Secondary Users are those owners who do not use the Little Arkansas Road exclusively to obtain access to their property, but rather have other means of access to their property. At the time of the conveyance to other users of the non-exclusive right to use the Little Arkansas Road, a designation shall be made as to whether such user is a Primary User or a Secondary User.

3. The Primary Users shall be entitled to arrange and agree to, between themselves, a fair and equitable methodology regarding repairing, improving and maintaining the Little Arkansas Road, however, in the event such Primary Users shall not be able to work out among themselves such methodology, then the following shall apply:

a. Each Primary User shall be assessed a pro-rata annual road maintenance assessment which shall be paid on a annual basis and shall be due thirty (30) days from date of delivery of notice. The pro-rata annual maintenance assessment to be paid by each Primary User shall be calculated by taking the total number of Primary Users and dividing that number into the total amount of the annual maintenance assessment to be collected for that year in accordance with the paragraphs hereinafter found. The result shall be the annual maintenance assessment to be paid by each Primary User. Such annual maintenance assessment shall then be assessed annually as provided for in this paragraph.

b. Special assessments may be made at a special meeting as provided for below. Special assessments shall be pro-rated between the Primary Users in the same manner as described above for annual maintenance assessments, and shall be due fifteen (15) days from date of delivery of notice.

c. An annual meeting of Primary Users shall be held on July 15 of each year. At the meeting assessments for the Reciprocal Easement Fund and the purposes and uses of such assessments shall be approved by seventy-five (75%) percent of the total (all) votes outstanding. All assessments approved at the annual meeting shall be collectively referred to as the annual maintenance assessment. Voting shall be on the basis of one (1) vote for each Primary User, either in person or by proxy. The Trustee for the prior year shall present an accounting of the Little Arkansas Road Fund. At each annual meeting a Trustee shall be elected whose duties, among others, shall be;


- (1) To, keep and maintain the records of the Little Arkansas Road Fund.
- (2) To propose the amount of repair, improvement, and maintenance regarding the Little Arkansas Road for the coming year, and the anticipated cost thereof.
- (3) To propose any amounts which should be budgeted and assessed for emergency repairs, improvements, and maintenance.
- (4) To propose any amounts which should be budgeted and assessed for enforcement and collection of assessments.
- (5) To propose any amounts which should be budgeted and assessed for any other purpose approved at an annual or special meeting.
- (6) To calculate and pro-rate among the Primary Users any amounts approved for assessment at any annual or special meeting.
- (7) To assess and collect from Primary Users any assessments approved at any annual or special meeting.
- (8) To enforce collection of assessments by all legal means available, including but not limited to filing of liens and lien affidavits. To pursue such judicial remedies and procedures as may be approved at an annual or special meeting.
- (9) To contract for, oversee approve and expend funds from the Little Arkansas Road Fund for the purposes approved at an annual or special meeting.

d. Special meetings may be called by the Trustee or by a minimum of three (3) Primary Users. Ten (10) days notice of such special meeting and the business to be conducted shall be given to Primary Users. Such business may be taken up and any related assessments may be made at the special meeting. All business and assessments shall be approved by seventy-five (75%) of the total (all) votes outstanding. Voting shall be on the basis of one (1) vote for each Primary User.

e. A quorum at either an annual meeting or special meeting shall consist of those persons or entities holding a majority of the total (all) votes which could be cast at an annual or special meeting. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present.

f. The Little Arkansas Road Fund shall be used for: (i) repairing, improving and maintaining the Little Arkansas Road; (ii) enforcement and collection of all assessments; and (iii) such other purposes as may be approved by seventy-five (75%) percent vote at an annual or special meeting, but not for the construction or building of any road.

g. The payment of all assessments shall be secured by an express lien ("ASSESSMENT LIEN") in favor of the Trustee as custodian and administrator of the Little Arkansas Road Fund, which lien is placed and imposed upon each tract. The Trustee may file a lien affidavit for purposes of evidencing the ASSESSMENT LIEN of record, without joinder of the Primary Users. The ASSESSMENT LIEN may be foreclosed in the same manner as a deed of trust lien (Article 3810 VACS) or a vendor's lien. No action or remedy pursued by the Trustee shall prejudice any other rights, powers or causes of action which the Trustee may have against any party or property. The ASSESSMENT LIEN and all other provisions of this agreement shall be secondary and subordinate, however, to any liens, deeds of trust and encumbrances given for the purpose of securing all or any portion of the purchase price of any tract or any part thereof, or given for the purpose of making repairs or constructing dwellings or any other improvements on any tract or any part thereof.

4. This Agreement shall not apply to any real property owned by Kent Keith, Matthew Keith, Shawn Keith or the Estate Liza Howell wherever situated and which is or will be subject to this Agreement for as long as they own such property. Upon the sale to a third party of all or a portion of the land owned by them which is subject to this Agreement, such third party shall be bound and obligated by the terms and conditions as set forth in this Agreement. 

5. The Road Maintenance Agreement shall not affect or apply to Secondary Users.

6. This Agreement shall be binding upon the Owners, Primary Users, their heirs, legal representatives, successors and assigns, all parties claiming by, through or under the Owners except for Secondary Users, and all present and Future Primary Users, each of whom shall be obligated and bound to observe this Agreement; provided, however, that a Primary User shall only be liable for breaches committed during such Primary Users ownership of property to which the Little Arkansas Road Fund applies.

7. This Agreement may be changed or amended only by the filing of an instrument containing such changes or amendment in the Real Property of Hays County, Texas, upon the adoption of same by seventy-five (75%) percent of the total (all) votes outstanding. Voting shall be on the basis of one (1) vote for each Primary User.

EXECUTED this 3 day of Aug, 1998.

BLANCO RANCHES LIMITED PARTNERSHIP

By: LR RANCHES, L.L.C.
a Texas Limited Liability Company

By: PMWAY 1997 LTD, a Member

By: Peter M. Way
Peter M. Way
Managing General Partner

BLANCO RIVERBEND LTD.

By: RIVERBEND DEVELOPMENT, L.L.C.
a Texas Limited Liability Company

By: Robert W. Mayo
Robert W. Mayo, Manager

Peter M. Way
Peter M. Way, Trustee

Robert W. Mayo
Robert W. Mayo, Trustee

Kent Keith
Kent Keith, Co-Independent Executor
of the Estate of Liza Howell, Deceased

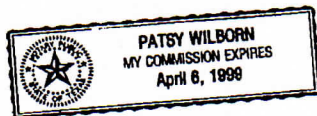
1443-620

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF Hays

This instrument was acknowledged before me on 3 day of Aug, 1998, by Peter M. Way, Managing General Partner of PMWAY 1997, Ltd., a Member of LR Ranches, LLC, a Texas Limited Liability Company by Blanch Ranches Limited Partnership, behalf of said limited partnership.

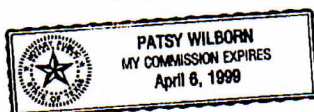


Patsy Wilborn
Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF HAYS

This instrument was acknowledged before me on 3 day of Aug, 1998, by Robert W. Mayo, Manager of Riverbend Development, L.L.C. by Blanco Riverbend Ltd., on behalf of said company.

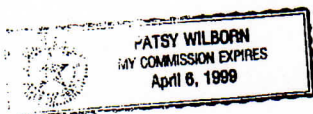


Patsy Wilborn
NOTARY PUBLIC, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF HAYS

This instrument was acknowledged before me on this 3 day of Aug, 1998, by Peter M. Way, Trustee.

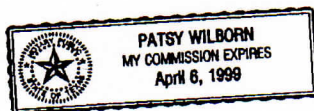


Patsy Wilborn
NOTARY PUBLIC, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF HAYS

This instrument was acknowledged before me on this 3 day of Aug, 1998, by Robert W. Mayo, Trustee.

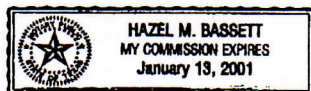


Patsy Wilborn
NOTARY PUBLIC, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF HAYS

This instrument was acknowledged before me on this 8 day of August, 1998, by Kent Keith, as Co-Independent Executor of the Estate of Liza Howell, Deceased.



Hazel M. Bassett
NOTARY PUBLIC, State of Texas

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

Margie T. Villalpando

8-11-98 04:01 PM 9816843
LYNN \$15.00
MARGIE T VILLALPANDO, County Clerk
HAYS COUNTY

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