

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is made and entered into effective as of the 5th day of May, 2015 by and between the Hot Springs Village Property Owners' Association, hereinafter referred to as the "POA", an Arkansas Not-For-Profit Corporation and Resort Project Development LLC, a Wyoming company, (together with its successors and assigns, the "Developer"), a limited liability company.

RECITALS

WHEREAS, Developer has a binding purchase contract for certain real property located in Hot Springs Village, to be closed on or before July 8, 2015, as more particularly described in Exhibit A attached hereto (the "Project Site"), on which Developer desires to construct a motor coach resort which consists of approximately 199 coach house sites, and a Club House and pool as depicted on the Approved Site Plan attached hereto as Exhibit B, including coach houses ranging from 400 square feet to 2000 square feet of living space (the "Project Improvements").

NOW, THEREFORE, for and in consideration of the foregoing Recital, which is incorporated into this Agreement as an integral part (hereof) and the promises, covenants and agreements contained herein, the POA and Developer do hereby agree, as follows:

ARTICLE I DEFINITIONS; EXHIBITS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized words and terms shall have the following meanings:

"Approved Site Plan" means the Special Development Overlay District site development plan attached as Exhibit B and as amended herein.

"Building Permit" means building permits issued by the POA to construct Coach Homes and Clubhouse of the Project Improvements.

"Motor Coach" means Class "A" or "C" with full-body paint.

1.2 Exhibits. The following exhibits are attached to and incorporated into this Agreement:

Exhibit A	Legal Description of the Project Site
Exhibit B	Site Plans
Exhibit C	Overlay Zoning Requirements

ARTICLE II PROJECT

2.1 Project. Subject to the terms and conditions of this Agreement, Developer shall develop and construct the Project in accordance with the Approved Site Plan in phases, as approved herein; the Coach Houses and Clubhouse to be in compliance with all applicable federal, state and local laws, rules, regulations and be subject to all required code inspections by the POA's Permitting and Inspection Department.



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2.2 Deadline for Acquisition and Construction of Project

- (a) The Developer represents that it owns (see recitals) all of the property (excluding rights-of-way) in the Project Site. The POA represents and warrants that Developer's interest in the Project Site is sufficient for purposes of processing all necessary approvals and permits for the Project that are controlled by the POA.
- (b) Developer agrees to make all reasonable efforts to complete the Project in a reasonable time period, but in no event, later than Dec, 2030. *C. 10*

2.3 Site Plan. The Approved Site Plan is attached hereto as "Exhibit B" and hereby approved.

The Developer may make changes to the Approved Site Plan as site conditions or other issues of feasibility may dictate or as may be necessary or desirable in the sole determination of Developer to enhance the economic viability of the Project; provided that, (a) Developer adheres to the Overlay district zoning requirements as listed under exhibit (C.), may not make any material changes to the Approved Site Plan (i.e., changes which either expand or reduce the square footage or intended uses of the Project by more than 10%) whether individually or in the aggregate, without the advance written consent of the POA and (b) Developer shall obtain the POA's consent to any material changes to the Project. Developer shall promptly furnish the POA with a revised site plan for the review and approval of the POA in the event of any changes thereto.

2.4 Financial Ability. Developer shall submit to the POA, prior to the commencement of the Project: (a) evidence that Developer has received a firm commitment for a construction loan or other financing of the Project reasonably acceptable to the POA, or evidence that Developer has closed on a construction loan for the financing of the Project, and (b) reasonably acceptable performance bonds as required by the POA's Declaration and Protective Covenants, issued in connection with the completion of all private and public improvements to be constructed by the Developer for the Project.

2.5 Insurance. Not less than ten (10) days prior to commencement of construction of the Project, Developer and/or its general contractor shall provide the POA with a certificate of insurance evidencing a commercial general liability insurance policy with coverage of not less than \$2,000,000 for claims arising out of a single accident or occurrence. The policy shall provide that it may not be cancelled, terminated, allowed to lapse or be substantially modified without at least thirty (30) days prior written notice to the POA. The POA shall be listed as an additional insured on such certificate.

2.6 Project Maintenance. Upon substantial completion of the Project and so long as this Agreement is in effect, Developer or its successor(s) in interest, as owner or owners of the affected portion(s) of the Project Site, shall maintain or cause to be maintained the buildings and improvements within the Project Site which it owns in a good state of repair and in conformity with applicable state and local laws.

ARTICLE III RESPONSIBILITIES OF PARTIES

3.1 Exemption. The Developer of this project is not eligible for and is not expected to receive any financial support for or exemption from any prevailing or future fees imposed by the POA, that would be required of any other member of the POA.

3.2 Developer Responsibility. The Developer is responsible for all project-related development costs, but not limited to, the following under this agreement:

- (a) Water Service – Developer's responsibility to incur all costs of running water service lines to each of the Coach homes, Clubhouse, pool and any other facility or amenity requiring this utility within the project. (See 3.3 (e))
- (b) Sanitary Sewer Service – Developer's responsibility to incur all costs of running sewer service lines to each of the Coach homes, Clubhouse, pool or any other facility or amenity requiring this utility within the project.(See 3.3 (e))
- (c) Electric Service – Developer's responsibility to incur all costs of running electrical service lines for the project.
- (d) Pay fees, which includes all POA building permits, code inspections, water and sewer connection tap fees in the amount of \$1,000 per connection to be paid as follows:
 - i. \$500 each connection when building construction begins
 - ii. \$500 at closing when the Coach home is sold to a buyer or building such as clubhouse, or other buildings requiring this service is complete,
- (e) Provide 120 days advance notice to the POA for commencement of required water and sewer infrastructure for each phase of development.
- (f) All water, sewer, & sanitation fees will be billed/paid to the POA at the prevailing commercial rates for the clubhouse and other common area facilities.
- (g) Monthly Assessments – The Developer agrees to collect and pay the POA the prevailing monthly property owner assessment for each of the coach homes sold on the first day of the month following the sale.
- (h) The Developer will begin paying monthly assessments based on each coach home or undeveloped platted lot that is not sold at the conclusion of 30 months from the completion of the water and sewer completed in each phase of the project. All coach homes shall be considered developed properties for purpose of assessments.
- (i) The owner of the coach homes shall be considered a member of the POA and entitled to all rights, privileges and responsibilities as defined in the Declaration and Protective covenants of the POA.
- (j) Other Fees and Charges – The Developer agrees that this project will pay all other fees and charges, including but not limited to water, sewer, sanitation and ambulance fee, as a residential user for coach homes in accordance with the fee

structure periodically adopted by the POA and as charged to other residential users within the Village.

- (k) Agree to design, construct and pave roads in the development, at Developer's cost. (This is a POA obligation waived by the Developer in acknowledgement of POA responsibilities under 3.3)
- (l) Establish a sub-association for the development which will define and be solely responsible for Architectural Control within the development as provided for under the Declaration and Protective Covenants.
- (m) Adhere to the Overlay zoning requirements for the development (Exhibit C).
- (n) POA grants Developer approval to construct at Developer's expense a secondary gate (secured private entrance) for construction and emergency equipment vehicle access outside of the East gate off Desoto Blvd.
- (o) Obtain all required local, county and state approvals and permits for the development. POA will cooperate and grant approval(s) requested from outside entities or agencies.

3.3 POA responsibility.

The POA is responsible for the following under this agreement:

- (a) Building Permit – The POA will issue a building permit in each phase on the coach homes, clubhouse and other common facilities in the project. The building permit fee is included and described in 3.2 (d) of the Agreement. Development will be subject to all required code inspections by the Permitting and Inspections Department of the POA.
- (b) Approve all design and engineering for the initial road construction in the development.
- (c) POA will accept responsibility of the maintenance of the project roads after the initial construction by the Developer. Prior to acceptance, POA will inspect roads to insure they are built to specifications and free of construction related damage.
- (d) After acceptance, POA will maintain project roads to the same standards as other residential roads in HSV.
- (e) Provide phased infrastructure including water, sewer and required fire hydrants to the water meter and sewer cleanout of the coach home sites, clubhouse or other development facility for connection (tap) by the developer. The water meters and sewer cleanout plugs will be located as close to the road right of way as practical.
- (f) Design, construct and maintain the water and gravity fed sewer infrastructure including required centralized sewer lift stations for the development.
- (g) Provide and maintain filtered views for golf front coach homes

- (h) Permit the grading and clearing to be completed in 2 phases, no longer than 30 months apart. POA will permit/issue a controlled burn permit for each phase at no charge.
- (i) Provide a dedicated golf cart access from the development to Isabella golf course clubhouse to avoid the driving of golf carts on Desoto Blvd.
- (j) Extend the 2 entry lanes road way width from inside the East Gate approximately 50 yards west to create a dedicated turn lane into the resort in coordination with road building in Phase 1.
- (k) To clean up and improve existing 3 tee ponds and install an aeration fountain.
- (l) Accept the recorded supplemental declaration from Cooper Inc. for this property.
- (m) POA will work with Developer to enhance the water way on the east side of Isabella hole # 6 at Developer's cost.

ARTICLE IV GENERAL PROVISIONS

4.1 Modifications; Successors and Assigns. The terms, conditions and provisions of this Agreement shall not be modified or amended except by mutual agreement in writing between the POA and Developer. This Agreement shall be binding upon and inure to the benefit of the POA and Developer and their respective successors and assigns; provided, however, Developer may not assign its rights under this Agreement without the specific approval of the POA, other than to Artesian Motor Coach Resort LLC.

4.2 Representatives Not Personally Liable. No elected or appointed official, agent, employee or representative of the POA shall be personally liable to Developer in the event of any default or breach by any party under this Agreement, or for any amount which may become due to any party or any obligations under the terms of this Agreement.

4.3 Indemnification and Hold Harmless. The indemnification and covenants contained in this Section shall survive expiration or earlier termination of this Agreement. As used in this Section, the term "Developer" shall include the authorized successors and assigns of Developer.

Developer hereby agrees that, anything to the contrary herein notwithstanding, it will defend, indemnify and hold harmless the POA, its governing body members, officers, agents, servants and employees against any and all claims, demands, actions, causes of action, loss, damage, injury, liability and/or expense (including attorneys' fees and court costs) resulting from, arising out of, or in any way connected with (1) a Developer Event of Default, (2) the negligence or intentional misconduct of Developer, its employees, agents, contractors, or subcontractors, or (3) the presence of hazardous wastes, hazardous materials or other environmental contaminants on any property within the Project Site. Notwithstanding the foregoing terms, Developer is not obligated to defend, hold harmless or indemnify the POA with respect to any matter or expense resulting from or arising out of the negligence or willful misconduct of the POA and/or its elected

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and/or appointed officers, governing body, members, servants, employees, agents, contractors or subcontractors.

The POA and its governing body members, officers, agents, servants and employees shall not be liable for any damage or injury to the persons or property of Developer or its officers, agents, servants or employees or any other person who may be about the Project Site, or to the construction of the Project, except for matters arising out of the willful misconduct or gross negligence of the POA of its governing body members, officers, agents, servants, employees, contractors or subcontractors.

4.4 Notices. Whenever notice or other communication is called for herein to be given or is otherwise given pursuant hereto, it shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, or a nationally recognized overnight courier, addressed as follows:

(a) If to the POA:

895 DeSoto Blvd.
Hot Springs Village, AR 71909
Attention: General Manager

(b) If to the Developer:

Jay Howard
Resort Project Development
1400 DeSoto Blvd
Hot Springs Village, AR. 71909

Notices shall be deemed given when personally delivered, on the next business day if sent by a nationally recognized overnight courier or three business days after deposit in the United States mail as aforesaid. A change of designated officer or address may be made by a party by providing written notice of such request to the other party.

4.5 Severability. The provisions of this Agreement shall be deemed severable. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid, the remaining provisions of this Agreement shall remain valid unless the court finds that the valid provisions are so essentially and inseparably connected with and so dependent upon the invalid provision that it cannot be presumed that the parties hereto would have agreed to the valid provisions of this Agreement, or unless the Court finds the valid provisions, standing alone, are incomplete and incapable of being executed in accordance with the contracting parties' intent.

4.6 Headings. The headings and captions of this Agreement are for convenience and reference only, and in no way define, limit or describe the scope or intent of this Agreement or any provision hereof.

4.7 Governing Law; Venue; Other Applicable Provisions. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Arkansas without giving effect to any choice or conflict of law provision or rule (whether of the State of Arkansas or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Arkansas. Any action arising out of, or concerning, this Agreement shall be brought only in the Circuit Court of Saline County, Arkansas. All parties to this Agreement

consent to the jurisdiction and venue of that court. The terms of this Agreement do not usurp or limit the POA's or any other governmental entity's exercise of administrative and/or legislative discretion as to review and approval of land uses, infrastructure improvements, site plan, architectural elements and related matters.

4.8 Developer's Right of Termination. At any time prior to commencement of construction of the Project, Developer may, by giving written notice to the POA, abandon the Project and terminate this Agreement if Developer determines in its sole discretion that the Project is no longer economically feasible. Upon termination of this Agreement, the parties shall have no further rights or obligations hereunder except as may expressly survive termination.

4.9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first above written.

ASSOCIATION:

ATTEST:

HOT SPRINGS VILLAGE PROPERTY OWNERS' ASSOCIATIO

By: Harvey W. C. Shelton
Harvey W. C. Shelton, President

DEVELOPER: RESORT PROJECT DEVELOPMENT, LLC

By: _____

ACKNOWLEDGEMENTS

STATE OF ARKANSAS
(COUNTY OF Garland) SS

On this 6 day of May, 2015, before me appeared Harvey W. C. Shelton, to me personally known to be the President of the Hot Springs Village Property Owners' Association, and that the seal affixed to the foregoing instrument is the seal of said Association, and said instrument was signed and sealed in behalf of said Association by authority of its Board of Directors.

Subscribed and sworn to before me this 6 day of May, 2015.

Brenda K. Pate
Notary Public

My Commission Expires: 11-15-2020



STATE OF ARKANSAS
(COUNTY OF Garland) SS

On this 6 day of May, 2015, before me appeared Jim Hester, to me personally known to be the General Partner of Resort Project Development LLC and that the seal affixed to the foregoing instrument is the seal of said Company, and said instrument was signed and sealed in behalf of said Association by authority of its Board of Directors.

Subscribed and sworn to before me this 6 day of May, 2015.

Brenda K. Pate
Notary Public

My Commission Expires: 11-15-2020



EXHIBIT A
"PROJECT SITE"

The project is located on 56 acres on the north side of Hwy 5, on the west side DeSoto Boulevard immediately outside of the East Gate of Hot Springs Village in Saline County, Arkansas. A total of approximately 56 acres will be distributed as part of this project.

"LEGAL DESCRIPTION"

EXHIBIT B
"SITE PLAN"

See attached

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EXHIBIT C
OVERLAY DISTRICT ZONING
See attached

**Overlay Zoning
 for
 Artesian Motor Coach Resort**

1. **Purpose.** The "Artesian Overlay Zone" (AOZ) is intended to define the specific development guidelines and rules that will control and govern the 56 acre Property, hereby defined as "Artesian Motor Coach Resort" (AMCR), located within Hot Springs Village (HSV), Arkansas.
2. **Agreements.**
 - a. All development within AOZ must comply with the standards of this document and Arkansas codes.
 - b. Hot Springs Village Property Owners' Association (HSVPOA) shall recognize and affirm all the development rights for this property granted by/to the original developer, John A. Cooper Company.
 - c. HSVPOA shall approve the AOZ as part of HSV and the up to 199 coach home lots in AMCR within 30 days of receiving the recorded Supplemental Declaration from AMCR.
 - d. AMCR shall function as a sub-association in HSV and be solely responsible for architectural control and the maintenance of landscape and hardscape within AOZ.
 - e. HSVPOA shall be responsible for installing and maintaining all of the sewer and water systems to the individual lots and clubhouse within AOZ as well as maintaining all roads.
 - f. **Street names.** AMCR will have full authority to name all roads within AOZ.
3. **Land Use.** The permitted uses allowed in the AOZ shall be as shown in Table 1 and as provided in this document.

Table I AOZ Land Use

Previously Permitted Uses	Overlay Zone Special Uses
a. Reserved property, no previously permitted uses	a. The AMCR shall be a privately gated community within HSV. b. A private club house and pool facility is permitted within the AMCR.

4. **Architecture Control.** AMCR will NOT be subject to HSV Architectural Control Committee (ACC) regulations or permitting requirements. However, Permitting and

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Inspections will perform all required code inspections.

- a. **Coach home lot.** Building lots for coach homes shall be permitted in the AOZ. The lot size shall be no less than 5,200 square feet. Minimum setback requirements shall be shown in Figure 1.
 - i. Front setback shall be a minimum of 15 feet from the front lot line.
 - ii. Side setback shall be 4 feet minimum, measured from the side lot lines to the coach home (including the 20-foot-wide coach parking pad);
 - iii. Rear setbacks shall be 8 feet minimum from the back lot line.

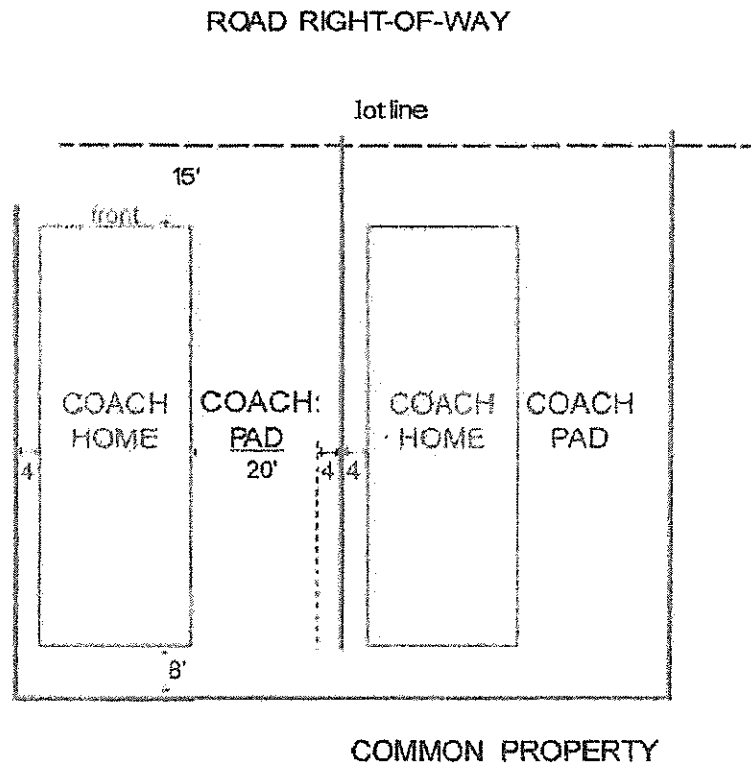


Figure 1: Minimum setback requirements.

