

**LIVE OAK RESORTS, INC.
2014 RULES AND REGULATIONS**

This document sets forth the terms and privileges of Membership in the Resort and the policies and procedures under which the Resort is operated. The obligation of enforcing these Rules and Regulations lies primarily in the hands of a carefully trained staff whose principal responsibility is to assure Members of all the courtesies, comforts and services to which they are entitled. It is the duty of the Membership to know its Rules and Regulations and to cooperate with Resort Management and staff in the enforcement of these Rules and Regulations.

These Rules and Regulations are effective September 1, 2014 and are subject to change from time to time at the sole election of Resort Management. These Rules and Regulations replace the Rules and Regulations currently in place.

ARTICLE 1

1.1. THE RESORT

The “Resort “ refers to the facilities provided by Live Oak Resorts, Inc. located at 9751 Lone Star Road, Washington, Texas 77880.

1.2 RESORT MANAGEMENT

“Resort Management” refers to Live Oak Resorts, Inc. which manages the Resort and it’s successors in interest. Resort Management and Manager have authority over the affairs of the Resort.

1.3 MEMBERSHIP

- (a) A “Membership” is the contractual privilege by which designated persons enter onto the Resort for the exclusive purposes of using and enjoying the available facilities at the times and in the manner set forth in these Rules and Regulations. A “Member” is the person obligated for the payment of all fees, dues, fines and charges.
- (b) Live Oak Resort, Inc. is not an equity club. Membership is non-equity and non-participatory. Membership does not imply any right or privilege to participate in or to administer the Resort business policies or does not create any vested or proprietary right of any kind in land, the Resort, Resort Management or the assets of the Resort Management or the Resort. Membership does not create any presumption that the facilities or services that are now or hereafter available will continue to be available. No person obtaining membership privileges should expect to derive any economic benefits from membership in the Resort. These Rules and Regulations have not been reviewed nor endorsed by any federal or state authority.
- (c) Membership may be subject to disciplinary action, including fines, suspension or revocation, in accordance with these Rules and Regulations.
- (d) Resort Management shall have the right to discontinue offering any categories of membership, to create additional categories or classes of membership from time to time conferring such rights and privileges and imposing such obligations as it deems appropriate, and to prescribe the qualifications and requirements for membership in any such class or category.

1.4 FEES, DUES AND CHARGES

- (a) All membership fees or deposits, dues or miscellaneous charges and fees, whether paid, daily, monthly, annually or otherwise shall be determined solely by Resort Management. Resort Management reserves the right to modify, change and add to these fees, deposits, and charges in its sole discretion. Membership in good standing is always conditioned upon prompt payment in full of all fees, deposits and charges. A Member may be subject to disciplinary action, including forfeiture of membership privileges, for failure to meet his or her financial obligations to the Resort. In the event that Membership is issued after the commencement of a billing period, the fees, dues or other miscellaneous charges shall be prorated as of the date of issuance of such membership on the basis of the number of days remaining in the billing period.

1.5 MEMBERSHIP AND GUEST USE

Membership entitles a Member (and if a couple, his or her spouse or significant other) to use the Resort, provided all applicable fees, deposits, dues and other charges are timely paid. Any Guest of any Member intending to use the facilities must register at the office upon arrival at Live Oak Resort. Members are responsible for the conduct of their guests and payment of any fees of the guest.

1.6 DAILY MEMBER/GUEST USE

Resort Management shall have the right to allow Daily/Guest use of the facilities located at the Resort during designated times, including Daily Member/Guest tournaments, banquets, weddings, private parties and other functions.

1.7 APPLICABILITY OF RULES AND REGULATIONS

These Rules and Regulations apply to all Members, Daily Members and guests.

ARTICLE II

MEMBERSHIP CLASSES

2.1 GOLD MEMBERSHIP

This Membership entitles the Primary Member and his/her spouse or significant other as specified in Section 1.5 to all the privileges of the Resort, swimming facilities, clubhouse, and other facilities located at the Resort.

2.2 DAILY/GUEST MEMBERSHIP

This Membership entitles the Daily Member or guest as specified in Section 1.6 to all the

privileges of the Resort, swimming facilities, and other facilities located at the Resort and as designated by Resort Management.

2.3 TRANSFERABILITY OF MEMBERSHIPS

No Member shall be allowed to sell or transfer his or her Membership in this Resort.

ARTICLE III

MEMBERSHIP POLICIES

3.1 A person qualified for membership shall become a Member after (i) submitting formal application, including an agreement to abide at all times by the Rules and Regulations as then enacted or thereafter amended; (ii) satisfactory completion of any period of provisional status that may be established; (iii) formal approval of the application by Resort Management; and (iv) payment of or satisfactory arrangements to pay, any and all dues, fees or other charges required.

3.2 A Gold Member may resign at any time providing Resort Management sixty (60) days prior written notice, but no resignation shall be effective until the date (“The Effective Date”) that the Member’s financial obligations to the Resort have been settled. No refund or proration of any deposits, fees or other charges will be made to any Member resigning from the Resort. Resigning Gold Members remain liable for all dues and charges accrued up to the Effective Date of their resignation.

ARTICLE IV

PAYMENT OF DUES AND CHARGES

4.1 STATEMENTS AND PAYMENTS FOR GOLD MEMBERS

Monthly statements are prepared on the 27th day of each month and normally mailed or delivered within two (2) to three (3) working days thereafter. Payment is due and must be received by the fifteenth (15th) of the following month. Finance charges will be billed at 18% per annum with a \$10 minimum finance charge on any past due balance over \$100.00. Notwithstanding the foregoing, the Resort Management may place and Gold Member on a cash basis for any and all services otherwise provided for credit, at any time. Resort Management may, at its election, require all Members to keep an active major credit card number and billing information on file together with an authorization for Resort Management to bill to such credit card for the purposes of collection of delinquent amounts pursuant to the provides of Section 4.2(b) below.

4.2 PAST DUE, DELINQUENCY AND REVOCATION

- (a) 30-Days Past Due. If a Gold Member's account becomes thirty (30) days past due, the Member will be given written notification that his or her charging privileges have been suspended. Late fees will be added to the outstanding balance.
- (b) 60-Days Past Due. If a Gold Member whose account becomes sixty (60) days past due, the Member will be given written notification that his or her privileges will be suspended. If payment is not received within ten (10) days from notification, his or her Membership will be revoked. Late fees will be billed to the outstanding charges. Such forfeiture/revocation of Membership shall not affect or prejudice the rights of Resort Management to collect the delinquent indebtedness.
- (c) Frequent Delinquency Revocation. The Gold Membership of any Member whose account becomes more than sixty (60) days past due three (3) times in any twelve (12) month period either consecutively or nonconsecutively, may at Resort Management's election, be revoked and forfeited. Such forfeiture shall not prejudice or affect in any manner the right of Resort Management to collect such delinquent indebtedness.

4.3 RETURNED CHECKS

All Members shall be charged an additional \$25.00 on their statement for any checks returned from the Bank for insufficient funds or Resort Management's actual cost of recovery, whichever is greater.

4.4 CREDITING OF ACCOUNT

Gold Members with any questions regarding charges on their statement should contact Resort Management's accounting office. All bills must be paid in full and any credits due to Member will be credited on the following month's statement. Under no circumstances may any Member adjust his or her own account. A credit may never be taken against any deposit.

ARTICLE V

INFRACTIONS AND DISCIPLINE

5.1 VIOLATIONS

Any Member who violates these Rules and Regulations is subject to immediate revocation of Membership. All Members found to be in violation of the Rules and Regulations may be denied all Resort privileges, including the privilege of residing on the Resort, and charging goods and services.

5.2 NOTIFICATION OF VIOLATIONS

Resort Management shall prepare written notice within thirty (30) days of an infraction, describing the violation, noting all parties involved and specifying the penalty established. This Notice shall be delivered to the Member and copy of the Notice shall be placed in the Member's file.

5.3 REVOCATION

A Membership may be revoked and the rights of any person or persons entitled to privileges under that membership may be terminated for any of the following reasons:

- a. Commission of any felony or misdemeanor theft at the Resort;
- b. Sixty (60) day delinquency or frequent delinquency as defined in Section 4.2.
- c. Willful destruction of the Resort, Member or Guest property;
- d. Physical or gross verbal abuse of Staff, Members or Guests;
- e. Continued and repeated violations of these Rules and Regulations;
- f. Conduct injurious to the reputation of the Resort or its Members;
- g. Sex in public areas of the Resort, including the pool;
- h. Prostitution;
- i. Possession of illegal drugs of any nature whatsoever;
- j. Possession of a firearm anywhere on the Resort;
- k. Possession of any type of pet, whether domestic or exotic, in Live Oak Resort Accommodations;
- l. Unauthorized photography or video taping of the Members, Guest or Staff including the use of cell phones to take photos or videos. **ALL CELL PHONES MUST BE IN RESIDENCE OR AUTOMOBILE WHILE AT RESORT;**
- m. Undue and uninvited attention given to a Member, Staff or Guest to which that Member, Staff or Guest objects - "No" means NO!;
- n. Excessive intake of alcohol;
- o. Repeated failure to shower before entering pool;
- p. Failure to abide by all posted Rules; OR
- q. Conduct which seriously detracts from Resort Management's absolute right to manage the Resort and preserve its financial integrity.

5.4 PROCEDURE FOR REVOCATION

Resort Management will prepare written notice of revocation which shall be delivered to terminated Member. Upon revocation, all Membership fees, dues and deposits paid by the Member shall be forfeited to the Resort and the Member shall thereafter have no rights or privileges and will immediately vacate the Resort grounds. If the Member whose membership has been revoked also resides on the Resort premises, then that Member shall be given sixty (60) days in which to vacate and remove his personal property from the Resort premises. Revocation shall not prejudice or affect in any manner the right of Resort Management to collect any delinquent indebtedness.

ARTICLE VI

GROUND RULES AND REGULATIONS

6.1 HOURS OF OPERATION

The schedule of operation for the various facilities within the Resort shall be published or posted at the Club, but is subject to change. The schedule of operations is also subject to change due to weather conditions, special events, maintenance procedures or other Resort matters.

6.2 SPECIAL FUNCTIONS

Resort Management shall endeavor to publish all special Member functions or to post such functions at the Resort, including any special events.

6.3 GUESTS

Members may bring guests to Resort at designated times and subject to such Rules and Regulations and policies as established by Resort Management, including payment of applicable guest fees. Members are responsible for the conduct of, all obligations and debts incurred by and any damage caused by, their guests. Resort Management, in its sole discretion, may deny guest privileges to any individual.

6.4 REPORTING INJURIES

Any injury to persons or damage to property should be reported immediately to the Manager or other responsible staff member.

6.5 COMPLAINTS

Staff are to be treated in a courteous and considerate manner. No staff shall be reprimanded in any way by a Member. Any complaints regarding service rendered by Resort personnel must be made to Manager. Depending on the severity of the complaint, Resort Management may require the Member to make the complaint in writing along with the complaining Member's signature. Members are requested to report misbehavior or violations of Rules and Regulations or laws committed by staff, other Members or guests to Manager, and all violations will be subject to the appropriate disciplinary action.

6.6 ANIMALS

Pets without a history of aggressive behavior are welcome. All others will be removed. All Member pets must be leashed at all times. Pets must have all current rabies shots and tags. Pets are

prohibited from all recreational areas, including the pool area. Please pick-up after your pet. Management reserves the right to refuse a pet if they deem it necessary and to ensure the safety and comfort of other Members. Excessive noise such as barking, howling, etc. is not permitted on the Resort property. Resort Management reserves the right to ask any pet owner to remove any pet from the Resort property that Management, in its sole discretion, believes might endanger persons or property of the Resort or which Management deems, in its sole discretion, to be a nuisance. No pets will be allowed in Live Oak Resort accommodations.

6.7 PROHIBITED ACTIVITIES

Glass containers are not allowed in the pool area. All trash is to be placed in the containers provided. Smoking is allowed in the pool area but Members must use ash containers.

6.8 POOL ACCESS

Persons who utilized the pool do so at their own risk. Diving is not permitted. All persons using the swimming pool must abide by the pool safety Rules and Regulations as posted in the pool areas.

ARTICLE VII

MISCELLANEOUS

7.1 BINDING EFFECT; INDEMNIFICATION

In consideration of the rights and privileges of Membership, each Member agrees, on his or her own behalf and on behalf of his or her guests, to be bound by these Rules and Regulations. Furthermore, each Member agrees to hold the Owner of the Resort, Resort Management, Manager and staff as well as their agents, harmless, to indemnify said parties, and to provide a defense by counsel of Resort Management's choosing from any claim, liability, damage or loss which results from or is connected with any violation of these Rules and Regulations by the Member or his or her guests, any use of the Resort by the Member or his or her guests or any dispute arising in any manner from Membership.

7.2 RELEASE AND DISCLAIMER

While using the Resort or participating in Resort functions or events, Members and their guest are charged with the responsibility of using proper judgment and caution at all times. The Owner of the Resort, Resort Management, Manager and staff do not assume any liability for injuries caused to or incurred by any Member or his or her guests or for damage to or loss of property resulting from the use of the Resort. Consequently, any Member, guest or other person who uses or accepts the use of the Resort or service or engages in any activity at the Resort, does so at his or her own risk and shall

defend, indemnify and hold harmless the Owner of the Resort, Resort Management, Manager and staff harmless from any injury, damage, claim, loss or liability resulting from such use or engagement. Each Member agrees to release the Owner of the Resort, Resort Management, Manager and staff and waives any cause of action which a Member, or anyone claiming by or through said Member might now or hereafter have against said parties due to any injuries caused to or incurred by said Member or his or her guests for damage or loss of property resulting from the use of the Resort.

7.3 PERSONAL PROPERTY

Each Member and his or her guest are responsible for their own personal property. Resort Management is not responsible for lost property or articles stolen from anywhere at the Resort and specifically disclaims any such responsibility. Property left by any person at the Resort and not claimed within thirty (30) days may be disposed of without notice. No bailment is intended nor created by the preceding sentence.

7.4 LIABILITY FOR DAMAGE OR INJURY

Each Member is responsible for any damage to the Resort or property caused by the Member or his or her guests and such Member shall promptly reimburse Resort Management for all costs and expenses incurred to repair or replace such damaged facility or property.

7.5 RECOVERY OF DAMAGES OR DUES

If it is required to turn a Member's account over to a collection agency or institute legal action to collect any dues or charges owed by a Member, or to enforce any provision of these Rules and Regulations against a Member, the Member agrees he or she shall be responsible for all costs of collection, including without limitation to reasonable attorney's fees, expenses and court costs.

7.6 ENTIRE AGREEMENT; AMENDMENT

Each Membership incorporates these Rules and Regulations. The Membership application form signed by each Member and these Rules and Regulations, as presently enacted or hereafter amended, constitute the entire agreement between each Member and Resort Management. These Rules and Regulations may be modified, amended, changed, altered or repealed at any time by Resort Management's sole discretion and may be supplemented by the publication of appropriate information in Resort's website or by posting at the Resort.

7.7 NOTICE

Any notice to be given by Resort Management to a Member may be mailed or otherwise delivered to that Member at the address that the Member lists on the application for Membership, unless that address has been subsequently changed by written notice delivered to Resort Management. Notice to a Member is effective at the time of personal delivery or, if mailed, on the first regular mail

delivery day at least three (3) days after the notice is mailed, postage prepaid, whether accepted or not.

7.8 WAIVER

No obligation of a Member shall be deemed to have been waived unless such waiver has been given in writing by Resort Management. Resort Management's failure to strictly enforce these Rules and Regulations or to fail to act in the event of a breach by a Member of its obligations under these Rules and Regulations shall not be construed as a waiver of a subsequent breach of the same or different obligations.

7.9 CUMULATIVE REMEDIES

All remedies shall be cumulative and no one of them will be exclusive of the other. Resort Management shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in these Rules and Regulations.

**LIVE OAK RESORTS, INC.
RECEIPT OF RULES AND REGULATIONS**

No person is authorized at anytime to make any representation or to provide any information with regard to the Resort, its organization and operation or the Memberships which is not contained in these Rules and Regulation, posted Rules or Application for Membership. If you receive any representation or information other than what is written in these documents it must not be relied upon as having been authorized by the Resort. Please notify the Manager should you receive any such representation.

The undersigned acknowledges having received, read, and understood the September 1, 2014 Rules and Regulations of Live Oak Resorts, Inc. The undersigned hereby agrees to be bound by the terms of these Rules and Regulations and as amended by Resort Management from time to time.

Date: _____

PRIMARY MEMBER'S SIGNATURE:

Printed Name: _____

ALTERNATE MEMBER'S SIGNATURE

Printed Name: _____

WITNESSED BY :

LIVE OAK RESORTS, INC.

Printed Name: _____

MEMBERSHIP RATES OF LIVE OAK RESORT, INC.

ALL MEMBERSHIP RATES ARE QUOTED ON A PER PERSON BASIS.

Current Rates until December 31, 2014:

Daily Membership - \$27.00 + applicable taxes per day

New Gold Membership Non-Lot Holder - \$670.00 + applicable taxes per year

New Gold Membership Lot/RV Holder - \$536.00 + applicable taxes per year

RATES EFFECTIVE JANUARY 1, 2015:

Daily Membership - \$52.00 + applicable taxes per day

RATES EFFECTIVE JANUARY 1, 2015 OR AT THE RENEWAL OF LOT/RV LEASE AGREEMENTS OR NON-LOT HOLDERS MEMBERSHIPS:

Gold Membership Non-Lot Holder - \$670.00 + applicable taxes per year

Gold Membership Lot/RV Holder - \$536.00 + applicable taxes per year