

## **INDEMNITY AND RESERVATION OF RIGHTS AGREEMENT**

This agreement is by and between Hide-A-Way Lake Club, Inc., (“Club”), and Hide-A-Way Lake Community Church, Inc., (“Church”).

### **DEFINITIONS**

As used in this Agreement, the following terms will have the following meanings:

1. “Parties” shall mean the Club and the Church.
2. “Lease Agreement” shall mean the lease entered into by the Parties on or about July 24, 2008.
3. “Suit” shall mean No. 08-2127-B, *Lanty & Patricia Wylie vs. Hide-A-Way Lake Club, Inc. and Hide-A-Way Lake Community Church*, in the District Court of Smith County, Texas 114<sup>th</sup> Judicial District.
4. “Plaintiffs” shall mean the plaintiffs in the Suit, Lanty and Patricia Wylie.
5. “Claims” shall mean the new claims asserted by the Plaintiffs in the Suit by means of their Third Amended Original Petition for negligence and nuisance.

### **RECITALS**

6. The Parties are co-defendants in the Suit.
7. The Parties are also parties to the Lease Agreement which contains an indemnity clause in ¶8.
8. On June 3, 2010, the Plaintiffs asserted new causes of action against the Club based on negligence and nuisance.
9. On June 15, 2010 the Club tendered to the Church the defense of these Claims and demanded that the Church indemnify it from the Claims pursuant to ¶8 of the Lease Agreement.
10. The Church responded to the tender and demand for indemnity by offering to assume the defense of the Claims and indemnify the Club if the Club agreed that the Church, in taking such action, was not waving its right to contest and litigate the nature and extent of its obligations under ¶8 of the Lease Agreement at a later date.
11. The Club having agreed to this proposal, the Parties now intend to memorialize their agreement by means of this document.

### **TERMS OF AGREEMENT**

12. Now, therefore, in consideration of the following mutual terms, covenants, and conditions, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties do hereby agree as follows:

Received by STRANHAN LAW & PETER, L.L.P. on 08/16/2010 7:00:33 AM (Central Daylight Time)

13. The Church agrees to assume the defense of the Claims asserted against the Club in the Suit. In addition, the Church will agree to repay to the Club, or its insurer if so directed by the Club, any costs of attorney's fees or expenses which the Club incurs in the Suit, or any appeal of the Suit taken by any party to the Suit, which directly relate to any activities undertaken by the Club to defend the Claims since June 3, 2010, including but not limited to attendance and participation in the trial of the Suit to the extent necessary to support of the defense of the Claims. The Club will provide its own defense as to any other issues in the Suit.

14. The Church further agrees that it will hold harmless and indemnify the Club from any judgment or costs which maybe adjudged against the Club based on the Claims in the Suit or upon any appeal of the Suit taken by any party to the Suit.

15. The Club agrees that the Church, by taking the actions referred to in paragraphs 13 and 14, is not waiving, and does not waive or relinquish its right to assert that it does not owe a defense or indemnify to the Club on account of the Claims under the Lease Agreement. The Club further agrees that Church may contest and litigate the issue of whether it owes the duty of a defense and indemnity to the Club based upon the Lease Agreement and may seek to recover from the Club any moneys paid on that basis within two years of the entry of final judgment in the Suit, either in this Suit or in a new lawsuit filed for that purpose in Smith County, Texas.

16. This agreement contains the entire agreement between the parties hereto and the terms of this agreement are contractual and not a mere recital and shall binding upon and inure to the benefit of the successors in interest and/or assigns of each of the Parties.

Executed in multiple originals on this 2 day of August, 2010.

Hide-A-Way Lake Community Church, Inc., by:

Ray Tinsley

Hide-A-Way Lake Club, Inc., by:

[Signature]