

C73959
10-0716

DEVELOPMENT AGREEMENT
(City of Houston, Harris County, Texas)

This Development Agreement (“Agreement”) is entered into as of the 13th day of September, 2010 (the “Effective Date”), between THE CITY OF HOUSTON, TEXAS, a municipal corporation (“CITY”), and InTown Homes, Ltd. (“DEVELOPER”).

RECITALS

WHEREAS, DEVELOPER owns certain real property in the City as such tracts are more particularly described in Exhibits “A-1” – “A-3” attached hereto and made a part hereof (singularly, a Property, and collectively, the “Properties”);

WHEREAS, DEVELOPER intends and proposes timely to substantially develop the Properties into three separate developments for primarily single-family residential use (the “Developments”); and

WHEREAS, the Cottage Grove development (“Cottage Grove”) shall consist primarily of single-family, residential subdivisions within the CITY in Harris County, Texas, in an area generally described as all of the Cottage Grove Section Eight subdivision consisting of 11.2905 acres, 159 lots, five blocks, and nine reserves; all of the Cottage Grove Section Nine subdivision consisting of 8.367 acres; all of the Half Moon Bay subdivision consisting of 8.9898 acres, 11 lots, one block, and one reserve; and all of the Stanley Park subdivision consisting of 15,835 acres, 77 lots, three blocks, and 15 reserves; and

WHEREAS, the Upland Park development (“Upland Park”) shall consist primarily of single-family, residential subdivisions within the CITY in Harris County, Texas, in an area described as Upland Park consisting of 15.0378 acres; and

WHEREAS, the second phase of the 100 Acres development (“100 Acres”) shall consist of at least two-thirds single-family, detached, residential lots and no more than one-third attached townhome single-family residential lots within the CITY in Harris County, Texas in an area consisting of 39.7762 acres; and

WHEREAS, DEVELOPER represents and warrants that DEVELOPER will commence development by an initial groundbreaking, including site grading work, and continue with accelerated construction of certain infrastructure improvements on Cottage Grove and Upland Park not later than December 15, 2010; and

WHEREAS, DEVELOPER represents and warrants that DEVELOPER will submit to the Planning and Development Department a complete application for a preliminary plat for the second phase of the 100 Acres development, that is in substantial compliance with the requirements of Chapter 42 of the CITY Code of Ordinances (or includes applications for allowable variances from Chapter 42 of the CITY Code of Ordinances), not later than ninety (90) days following the Effective Date of this Agreement; and

WHEREAS, DEVELOPER represents and warrants that DEVELOPER will begin construction by breaking ground and continuing development on the second phase of the 100 Acres development not later than one (1) year following the Effective Date of this Agreement, as further described in Section 1.02 of this Agreement; and

WHEREAS, the DEVELOPER and the CITY have determined that the accelerated construction of certain infrastructure necessary to support the Developments in accordance with the construction schedule set forth herein (“Project,” as defined herein) is necessary for the economic development of the CITY, including the completion and enhancement of the Developments; and

WHEREAS, by entering into this Agreement, the DEVELOPER acknowledges that the CITY is relying on DEVELOPER’S representations about the DEVELOPER’S ability to timely commence construction on the Projects and that time is of the essence in the performance of this Agreement; and

WHEREAS, the CITY recognizes the positive economic impact that the Developments will bring to the CITY through timely development and diversification of the economy, elimination of unemployment and underemployment through the production of new jobs, the attraction of new businesses, by fulfilling a critical need for high-quality residential housing within the CITY, and the additional ad valorem and sales and use tax revenue generated by the Development for the CITY, and that without the accelerated construction of the Project, the Developments would not be developed and the CITY would not receive these benefits; and

WHEREAS, the CITY has established a program in accordance with Article III, Chapter 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code (“Chapter 380”) under which the CITY has the authority to make grants of public funds for the public purposes of promoting local economic development and stimulating business and commercial activity within the CITY, including fulfilling a critical need for high-quality residential housing within the CITY; and

WHEREAS, consistent with Article III, Section 52-a of the Texas Constitution, Chapter 380, and other law, the CITY has made specific proposals to DEVELOPER for the purposes of inducing the DEVELOPER to locate the Developments on the Properties, and thereby advance the public purposes of developing and diversifying the economy of the state, eliminating unemployment or underemployment in the state, and developing or expanding transportation or commerce in the state; and

WHEREAS, to ensure that the benefits the CITY provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, Chapter 380, and other law, the DEVELOPER has agreed to comply with certain conditions for receiving those benefits, including the design and construction of certain private, public-like portions of the Project; the design, construction and conveyance to the CITY of public portions of the Project; the construction and operation of the Developments in accordance with the Performance Standards and the Construction Schedule (as herein defined); the creation of jobs; the procurement of minority and women-owned businesses in the design and construction of the Project; the employment of Houston

area workers in the design and construction of the Project; and the purchase of a certain amount of goods from the Houston area to be used in the design and construction of the Project; and

WHEREAS, in consideration of the design and timely construction of the Project and the development of the Developments by the DEVELOPER, which will bring additional sales tax and ad valorem tax revenues to the CITY and additional jobs resulting from the construction and residential habitation of the Developments, the CITY desires to make a grant to the DEVELOPER as provided in this Agreement for the costs associated with the Project pursuant to Chapter 380 (the "380 Grant") as an economic incentive for the DEVELOPER to develop and construct the Developments; and

WHEREAS, the parties desire to enter into an agreement to provide the terms and conditions by which the Project can be constructed; and

WHEREAS, DEVELOPER agrees to pay the costs and related expenses of construction to design and construct the Project to serve the Properties; and

WHEREAS, the CITY will use available revenues calculated based on the increase in ad valorem taxes generated from development of the Properties to provide the 380 Grant to the DEVELOPER as provided in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations and benefits of this Agreement, the CITY and DEVELOPER agree as follows:

ARTICLE I

CONSTRUCTION OF THE PROJECT

Section 1.01. The Project. The Project shall generally consist of the development of three primarily single-family residential subdivisions within the CITY, including, but not limited to, the design and construction of public streets and alleys, permanent public access easements, including water, sewer, storm drainage systems; public or private parks; and design and installation of landscaping in accordance with the design standards of the City of Houston; construction of public facilities, such as libraries and fire stations and other public facilities that add value and sustainability to the neighborhood surrounding the Properties, and other activities necessary to render the Properties suitable for the construction of single-family homes, all of which is generally described and depicted in Exhibits "B-1" "B-2" and "B-3" attached hereto and made a part hereof for all purposes (in part or collectively, the "Project"). The Developer may modify any portion of the Project to conform to any requirement of any governmental entity that has regulatory authority over the Project or Properties or to conform to any condemnation of any portion of any Property. Developer shall submit revised exhibits to the CITY upon any such modification and upon receipt thereof the revised exhibit shall replace the respective exhibit attached hereto.

Section 1.02. Construction of the Project. The DEVELOPER shall perform, or cause to be performed, the design, site work and related improvements necessary for the construction of the


Project. The site work and construction of the Project (1) shall be performed by the DEVELOPER as provided for in Section 1.03 below; (2) shall be performed by the DEVELOPER in a good and workmanlike manner in accordance with the provisions of this Agreement and all requirements of law, including all rules, regulations, ordinances, statutes, and guidelines promulgated by any applicable governmental or quasi-governmental authorities, agencies or organizations; (3)(i) for Cottage Grove and Upland Lakes, shall be commenced no later than December 15, 2010, and (ii) for 100 Acres, shall be initiated by the submission to the Planning and Development Department of a complete application for preliminary plat approval, that is in substantial compliance with the requirements of Chapter 42 of the CITY'S Code of Ordinances (or includes application for allowable variances to Chapter 42 of the City's Code of Ordinances), not later than ninety (90) days after the Effective Date of this Agreement with commencement of construction not later than one (1) year after the Effective Date of this Agreement; and (4) shall conform with the Construction Schedule. Notwithstanding the foregoing or any other provision of this Agreement, if on one year from the Effective Date of this Agreement the DEVELOPER has not commenced construction of the 100 Acres Project, the date the DEVELOPER is required to commence construction of the 100 Acres Project shall be extended by an amount of time equal to 30 days plus each day the DEVELOPER is awaiting receipt of any permit, license, or other approval by any governmental entity necessary to commence such construction, so long as DEVELOPER has submitted application, timely and in good faith, for any such permit, license or approval and is working diligently to address any required modifications to any such applications ("Tolling Period"). The DEVELOPER shall acquire and pay for any necessary easements and rights-of-way over property not owned by DEVELOPER and DEVELOPER shall dedicate or convey to the CITY (1) all easements and rights-of-way over property owned or acquired by the DEVELOPER and required to construct, install, operate, and maintain the public portions of the Project. All personalty incorporated or to be incorporated into CITY, and all consumables (other than machinery and equipment) purchased in connection with and to be used solely for the Project, will become property of the CITY upon acceptance of all or any portion of the Project by the CITY.

Prior to acceptance of any public portion of the Project, the DEVELOPER shall deliver to the CITY a final inspection certificate and one-year maintenance bond for the respective part of the Project, at which time such portions of the Project will become property of the CITY free and clear of any liens in favor of the DEVELOPER. Upon expiration of the maintenance bond, all warranties and other contract rights of the DEVELOPER concerning the design, acquisition, construction, installation, and inspection of the Project to which such bond pertains shall transfer and be assigned to the CITY without further act on the part of the DEVELOPER.

Section 1.03. Design of the Project and Specifications. All facilities to be constructed as part of the Project shall be designed by a licensed professional engineer retained by DEVELOPER. The DEVELOPER'S engineer shall submit plans to the CITY'S engineer for review and approval prior to selecting a contractor. The design of the Project shall be in accordance with the requirements and at the direction of the CITY Engineer.

All designs and specifications for the Project shall comply with the requirements of the CITY, including but not limited to the Infrastructure Design Manual, and shall be approved by the

facilities shall comply with the CITY'S standards for construction of similar public facilities. DEVELOPER shall not be entitled to reimbursement of any costs for the Project for which the CITY does not approve design and specification.

 Section 1.04. Government Requirements and Approvals. DEVELOPER will apply for and use its best efforts to obtain, at its own expense, any and all necessary subdivision plats, permits, licenses, variances, and approvals that are necessary to construct the Project, including any environmental controls. DEVELOPER shall satisfy all permitting requirements, including but not limited to detention and building permitting requirements.

Section 1.05. Construction Contract. The DEVELOPER shall furnish (or cause to be furnished) to the CITY a maintenance bond that complies with the CITY'S ordinances for any public portion of the Project to be conveyed to the CITY.

Section 1.06. Performance and Completion of Construction.

1.06.01. DEVELOPER shall construct the Project in accordance with the schedule set forth in this Section 1.06 (the "Construction Schedule"). The CITY agrees that the Project and the Developments may be designed and constructed in phases as necessary to provide a marketable project ("Phases") provided that the Project is constructed in conformance with the Construction Schedule. DEVELOPER shall be responsible for the supervision of the Project, but shall advise and consult with CITY as to all elements of the work and its progress. CITY and its designated engineers shall be given notice of, and may attend any meeting with, the contractor and subcontractors and may visit the job site to inspect the progress and performance of the Project and the materials furnished to determine whether such work is being performed in accordance with the specifications. DEVELOPER, and its engineers, shall provide CITY'S engineers weekly inspection reports during construction.

The Project, or each Phase, shall be deemed "completed" at such time as DEVELOPER delivers to CITY final test results and written certification by the DEVELOPER'S engineers and contractor, and approved by the CITY Engineer, that the Project, or a Phase, has been substantially completed and in accordance with the approved plans and specifications for the Project or Phase, except for minor items of cosmetic nature or requiring other adjustments commonly referred to as punch-list items.

With respect to those public portions of the Project to be conveyed to the CITY, following completion of a component of the Project, the CITY will undertake an inspection of such component of the Project, and upon approval thereof as being in compliance with applicable CITY standards thereto, the component of the Project will be dedicated and conveyed to the CITY together with any and all benefits and rights of the DEVELOPER with respect to the Project, including all warranties, and all performance and payment bonds relating to the Project, if any, and any and all rights of the DEVELOPER against all suppliers

of materials or services in connection with or arising out of the design, construction, and installation of the Project. Such conveyance will be in a form acceptable to the City.

Promptly upon the satisfactory completion of construction of any component of the Project to be conveyed to the CITY, the CITY shall furnish a letter of acceptance so certifying its acceptance. Each letter of acceptance shall be in a recordable form, and shall be a conclusive determination of satisfaction with respect to such portion of the Project. Upon written request for a letter of acceptance, the CITY shall have thirty (30) days after receipt thereof to provide a letter of acceptance or a written statement indicating in detail why the certificate cannot be issued, and what measures or acts will be necessary, in the reasonable opinion of the CITY, citing applicable laws and ordinances to take or perform to obtain issuance of such letter of acceptance. If the CITY has not provided the letter of acceptance or such written statement within thirty (30) days after receipt of the request, the portion of the Project will be deemed accepted. The DEVELOPER will follow standard CITY procedures and requirements applicable to all developers within the CITY with regard to the acceptance of facilities by the CITY.

1.06.02. Construction Schedule

DEVELOPMENT	CONSTRUCTION START DATE
Cottage Grove	
Phase 1	December 15, 2010
Additional Phases	
Upland Park	
Phase 1	December 15, 2010
Additional Phases	
100 Acres	
Phase 2	
- File Preliminary Plat Application	Not later than ninety (90) days following the Effective Date of this Agreement
- Begin construction of infrastructure	Not later than one (1) year following the Effective Date of this Agreement

Section 1.07. Project Costs.

A. DEVELOPER shall advance payment of all Project Costs. The term "Project Costs" shall mean the sum of all of the costs and expenses paid, whether under or outside the awarded construction contracts, for the performance of the design and construction of the Project. Such costs shall include, but are not limited to, (1) construction hard costs (exclusive of any soft costs for the Project, the "Construction Costs"), (2) the actual land costs for any component of the Project to be conveyed to the CITY ("Land Costs"); (3) design, engineering and other professional fees associated with the Project, permitting costs, builder's risk insurance premiums, and any reasonable change orders thereunder ("Design Costs"); and (4) interest at the rate of the DEVELOPER'S actual cost of interest, as evidenced by the interest rate on DEVELOPER'S source of financing for the respective Project Cost, on the amount of Construction Costs, Land Costs, and Design Costs, accruing from the date such costs are incurred and continuing for a period of four (4) years from the date thereof or earlier payment by CITY;

B. Exhibit C hereto lists categories of infrastructure for which the DEVELOPER may be reimbursed by the CITY. Exhibit C may be amended from time to time at the written request of the Developer with the approval of the Director of the Finance Department (or his or her designee), which approval shall not be unreasonably withheld

C. DEVELOPER shall keep full and detailed accounts for all materials and labor used in the performance of each Phase of the Project in accordance with DEVELOPER'S standard accounting practice ("Project Record"). CITY will be provided with access, at all reasonable times after ten (10) days' prior written notice, to DEVELOPER'S Project Records, including any related records, correspondence, construction drawings, receipts, vouchers, memoranda and other documents relating to the Project, the construction contracts and payments therefor. CITY may copy all Project Records at its sole cost and expense at the location at which the records are then stored. DEVELOPER shall preserve all Project Records for a period of ten (10) years after completion of construction of each Phase. Promptly upon completion of the Project or a Phase, DEVELOPER shall deliver to CITY a copy of the "as-built" plans for the Project or a Phase.

D. If DEVELOPER determines to develop the Developments and the Project in Phases as the DEVELOPER may determine from time to time, the DEVELOPER shall submit to the CITY a phase schedule for the development of the Property, including a legal description for each portion of the Property corresponding to each Phase.

Section 1.08. Indemnity and Insurance.

A. DEVELOPER SHALL INDEMNIFY, DEFEND AND HOLD CITY (INCLUDING CITY'S AGENTS, SERVANTS, EMPLOYEES, OFFICERS AND DIRECTORS) HARMLESS FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, LOSSES, DAMAGES, LIABILITIES, FINES, COSTS, AND EXPENSES, INCLUDING, BUT NOT LIMITED TO, ACTUAL AND REASONABLE ATTORNEYS FEES, REASONABLE INVESTIGATIVE COSTS, COURT COSTS, ALL OTHER DEFENSE COSTS AND

INTEREST, AND ALL OTHER SUMS WHICH CITY MAY PAY OR BECOME OBLIGATED TO PAY ON ACCOUNT OF ANY CLAIM OR ASSERTION OF LIABILITY ARISING OR ALLEGED TO HAVE ARISEN OUT OF ANY ACT OR OMISSION OF DEVELOPER (INCLUDING DEVELOPER'S AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, CONTRACTORS, AND SUBCONTRACTORS) IN CONNECTION WITH THE PERFORMANCE OF ANY OF THE PROJECT, UNLESS SUCH CLAIM OR LIABILITY ARISES OUT OF ANY INTENTIONAL OR NEGLIGENT ACT OR OMISSION OF CITY OR ITS AGENTS, SERVANTS, EMPLOYEES, INVITEES, OR CONTRACTORS. DEVELOPER SHALL REQUIRE ALL OF ITS CONTRACTORS AND SUBCONTRACTORS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE CITY TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE AND INDEMNITY OF THE CITY.

B. INDEMNIFICATION PROCEDURES.

1. Notice of Claims. If the CITY or DEVELOPER receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within ten (10) days. The notice must include: (1) a description of the indemnification event in reasonable detail; and (2) the basis on which indemnification may be due; and (3) the anticipated amount of the indemnified loss. This notice does not prevent the CITY from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the CITY does not provide this notice within the ten (10) day period, the CITY does not waive any right to indemnification except to the extent that DEVELOPER is prejudiced, suffers loss, or incurs expense because of the delay. If DEVELOPER does not provide this notice within the ten (10) day period, DEVELOPER shall have no liability for the delay except to the extent that CITY is prejudiced, suffers loss, or incurs expenses because of the delay.

2. Defense of Claims.

a. Assumption of Defense. Contractor may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the City. If Contractor assumes the defense of the claim, Contractor shall then control the defense and any negotiations to settle the claim. Contractor shall notify the City of any and all offers to settle the claim. Within ten (10) days after receiving written notice of the indemnification request, Contractor must advise the City as to whether or not it will defend the claim. If Contractor does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

b. Continued Participation. If Contractor elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Contractor may settle the claim without the consent or agreement of the City,

unless it (1) would result in injunctive relief or other equitable remedies or otherwise require the City to comply with restrictions or limitations that adversely affect the City, (2) would require the City to pay amounts that Contractor does not fund in full, or (3) would not result in the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

C. DEVELOPER and each contractor and subcontractor which performs any portion of the Project to be conveyed to the CITY shall, at its own expense, maintain or cause to be maintained in force a general comprehensive public liability policy or policies of insurance written by one or more responsible insurance carriers licensed to do business in the state of Texas. Such policy shall insure against liability for injury to and/or death of any person and/or damage to property of any person or entity in connection with the performance of the Project, with single limit liability coverage of not less than one million dollars (\$1,000,000) (plus umbrella coverage for an additional three million dollars (\$3,000,000)). Such policy or policies shall provide, among other things, that the insurer specifically recognize and insure the obligations undertaken by DEVELOPER or such contractor or subcontractor pursuant to this Agreement or the applicable construction contract and shall name the CITY as an additional insured. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the CITY, its officers, agents, or employees. DEVELOPER and each contractor and subcontractor will deliver to CITY a Certificate of Insurance evidencing the existence in force of such policy or policies of insurance. Such certificate will provide that such insurance will not be cancelled or materially amended unless thirty (30) days' prior written notice of such cancellation or amendment is given to the CITY.

Section 1.09. Performance Criteria.

The 380 Grant and the CITY'S payment to the DEVELOPER of the Reimbursement Amount is conditioned upon and subject to the DEVELOPER complying with the following ("Performance Criteria"):

A. DEVELOPER shall comply with the Construction Schedule for each applicable development.

B. DEVELOPER shall comply with the Construction Schedule for the 100 Acres development, subject to the Tolling Period, it being understood that DEVELOPER will not be entitled to reimbursement of Project Costs on Cottage Grove and Upland Lakes if DEVELOPER is not in compliance with the Construction Schedules for 100 Acres.

C. DEVELOPER shall demonstrate good faith efforts to comply with the CITY'S Affirmative Action program in the design and construction of the Project.

D. DEVELOPER shall use its best efforts to comply with a "Buy Local" goal of not less than twenty-five percent (25%) local sourcing of goods and services procured through vendors and/or service providers with offices within the United States Office of Management and Budget "metropolitan statistical area" of the CITY.

E. DEVELOPER shall be subject to audit (by the CITY or its designee) for the term of this Agreement, of information on any and all expenditures submitted for reimbursement.

F. DEVELOPER shall design and build the Project in accordance with the enhanced design and development standards as evidenced by the site plans attached hereto in Exhibits "B-1" – "B-3."

An officer of the DEVELOPER, on or before January 1 of each year that this Agreement is in effect, shall provide the CITY a sworn statement that the recipient is and has been in compliance in the prior year with all provisions of this Agreement, including all of the Performance Criteria.

ARTICLE II

REIMBURSEMENT

Section 2.01. Reimbursement. With respect to each Phase, subject to the compliance with the Performance Criteria, and upon final completion of the Project or Phase and receipt of written certification by DEVELOPER'S engineers and contractors, and approval by the CITY Engineer as above provided, and upon receipt of the invoices paid by DEVELOPER relative to the Project Costs, the CITY shall review and approve all reasonable invoices and the CITY shall be obligated to reimburse DEVELOPER one hundred percent (100%) of the Project Costs actually and reasonably incurred by DEVELOPER in the categories of infrastructure listed on Exhibit C hereto (the "Reimbursement Amount").

The CITY shall provide payment of the Reimbursement Amount to the DEVELOPER from any source of revenue available to the CITY, however, the amount of such payments shall be limited solely to the "Property Revenues." "Property Revenues" shall mean the amount of CITY ad valorem taxes generated from the Property with respect to an individual Development and collected by the CITY, above the Base Property Tax, from one hundred percent (100%) of the portion of the CITY'S tax, during the term of this Agreement. "Base Property Tax" shall mean the amount of ad valorem taxes levied and collected by the CITY on the Property above the amount of ad valorem taxes levied and collected by the CITY on the Property with respect to an individual Development based on the total taxable appraised value of the Property as of January 1 of the respective year in which the DEVELOPER commences construction of a Phase. If the DEVELOPER determines to develop the Property in Phases, the Property Revenues shall be calculated based on the respective Property Revenues corresponding to each portion of the Property corresponding to each Phase.

The Reimbursement Amount shall be paid to the DEVELOPER, in annual payments by August 1 of each year in which there are Property Revenues, in the amount of the Property Revenues, however, such payments shall cease in accordance with Section 3.01 hereof.

The CITY shall calculate, based on the actual collection of Property Revenues, the amount of the Property Revenues received each year by the CITY in cooperation with the DEVELOPER. The CITY hereby covenants and agrees upon the Effective Date of this Agreement to create a special fund (the "Reimbursement Fund") for the benefit of the DEVELOPER for the purpose of paying the Reimbursement Amount, which, upon completion, the CITY shall fund from any revenues available to the CITY to the extent of the

Reimbursement Amount. The CITY may, but is not obligated to, fund the Reimbursement Fund from the Property Revenues. The Reimbursement Fund shall always remain unencumbered by the CITY and segregated from all other funds of the CITY. Such funds are held in trust by the CITY for the DEVELOPER to be used in accordance with the terms hereof as long as DEVELOPER is in compliance with this Agreement.

Section 2.02. Accounting. DEVELOPER agrees to designate a person or entity who will be responsible for providing the CITY with an accurate annual accounting of ad valorem taxes collected from the Property in order for CITY to calculate the Reimbursement Amount owed and maintain a repayment record for periodic reporting to each party hereto.

Section 2.03 Place for Payment. All payments made on the Reimbursement Amount shall be made payable to DEVELOPER, and shall be sent to the designated office and place for notices set forth in paragraph 3.04 below.

ARTICLE III

Section 3.01. Defaults. It shall be an event of default under this Agreement if DEVELOPER fails to comply with any of the Performance Criteria. If DEVELOPER is in default in the performance of this Agreement or any Phase of the Project, the CITY may either terminate this Agreement or allow DEVELOPER to cure the default as provided below. The CITY'S right to terminate this Agreement for DEVELOPER'S default is cumulative of all rights and remedies which exist now or in the future. Default by DEVELOPER occurs if: (1) DEVELOPER fails to comply with any of the Performance Criteria; (2) DEVELOPER fails to perform any of its duties under this Agreement; (3) DEVELOPER becomes insolvent; (4) all or a substantial part of DEVELOPER'S assets are assigned for the benefit of its creditors; or (5) a receiver or trustee is appointed for DEVELOPER. If a default occurs, the CITY may, but is not obligated to, deliver a written notice to DEVELOPER describing the default and the termination date. The CITY, at its sole option, may extend the termination date to a later date. If the CITY allows DEVELOPER to cure the default and DEVELOPER does so to the CITY'S satisfaction before the termination date, then the termination is ineffective. If DEVELOPER does not cure the default before the termination date, then the CITY may terminate this Agreement on the termination date, at no further obligation of the CITY. To effect final termination, the CITY must notify DEVELOPER in writing. After receiving the notice, DEVELOPER shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this account. Upon termination of this Agreement for DEVELOPER'S default, CITY shall not be responsible for any reimbursement required hereunder, and DEVELOPER shall pay to the CITY within thirty (30) days of such uncured default any amount of the Reimbursement Amount previously paid to the DEVELOPER ("Recapture"), unless the CITY and DEVELOPER agree to an amendment to this Agreement in lieu of such termination. Notwithstanding the foregoing, the amount of Recapture shall be limited to the amount of the Reimbursement Amount for the previous four (4) years prior to a default for the applicable Phase.

Section 3.02. Term. The reimbursement obligation contained in Article II of this Agreement

shall continue in force and effect for a period of ten (10) years following the January 1 from the date or dates (1) the DEVELOPER completes construction of the Project, or (2) if applicable, from the date the DEVELOPER completes each Phase. The CITY'S obligation to reimburse any sums remaining unpaid on such date shall lapse and this portion of the Agreement shall terminate and be of no further force and effect.

Section 3.03. Force Majeure. The duties of DEVELOPER to observe or perform any of the provisions of this Agreement on its part to be performed or observed, shall be excused for a period equal to the period of prevention, delay or stoppage due to causes beyond the control of DEVELOPER by reason of strikes, civil riots, war, invasion, fire or other casualty, or Acts of God ("Force Majeure").

Section 3.04. Miscellaneous.

A. Neither of the parties may assign its rights or delegate its responsibilities under this Agreement without the written consent of the other party.

B. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be delivered by personal delivery, overnight mail or delivery service, facsimile, or United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to CITY:

Director, Department of Finance

City of Houston

P.O. Box 1562

If to DEVELOPER:

Helen Ghozali

1520 Oliver St

Houston, TX 77007

C. The provisions of this Agreement are not intended to create, nor shall they in any way be interpreted to create, a joint venture, partnership, or any other similar relationship between the parties.

D. In the event that any party brings or commences legal proceedings to enforce any of the terms of this Agreement, and a judgment or award determines the successful party in such

proceedings, such party shall be entitled to receive from the losing party in such action reasonable actual sums incurred as attorneys' fees and court costs, to be fixed by the courts in such action.

E. The captions heading the various sections of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections.

F. If any provision or application of this Agreement shall be held illegal, invalid, or unenforceable by any court, the invalidity of such provision or application shall not affect or impair any of the remaining provisions and applications hereof.

G. The applicable venue for any dispute arising hereunder shall be the appropriate district, county, or justice court in and for Harris County, Texas.

H. This Agreement may be executed in several counterparts, by separate signature pages, and/or by facsimile, each of which may be deemed an original, and all of such counterparts and/or separate signature pages together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, CITY and DEVELOPER have executed this Agreement as of the Effective Date.

CITY OF HOUSTON:

Annise D. Parker
Mayor M. M. P. Appel

Date: 9/9/10

ATTEST/SEAL:

Cora Russell
City Secretary

Date: 9/9/10

COUNTERSIGNED:

Ronald C. King
City Controller Ch. B. King

Date: 9/13/10

APPROVED AS TO FORM:

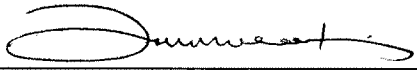
Donna Capps
Assistant City Attorney
L.D. File No. 0341000018001

Date: 8/17/10

DEVELOPER

InTownHomes, Ltd

**By: InTownBuilder GP, LLC, General
Partner**

By: 

Yvonne Kuah, Vice President

EXHIBIT A-1
COTTAGE GROVE
Property Description

Exhibit "A-1"
COTTAGE GROVE
Property Descriptions

Phase 1

All of COTTAGE GROVE SEC. EIGHT (8), a subdivision in Harris County Texas according to the map or plat thereof recorded under Film Code No. 633090 of the Map Records of Harris County, Texas.

Phase 2

Tract I:

All of COTTAGE GROVE SEC. NINE (9), a subdivision in Harris County Texas according to the map or plat thereof recorded under Film Code No. _____ of the Map Records of Harris County, Texas. (Subdivision not recorded yet metes attached hereto in exhibit A-1-a)

Tract II:

All of HALF MOON BAY, a subdivision in Harris County, Texas according to the map or plat thereof recorded under Film Code No. 615262 of the Map Records of Harris County, Texas. * Note it is possible the Texas Department of Transportation will take this property through the condemnation process.

Phase 3:

All of STANLEY PARK, a subdivision in Harris County, Texas according to the map or plat thereof recorded under Film Code No. 523059 of the Map Records of Harris County, Texas.



Exhibit "A-1-a"
COTTAGE GROVE SEC. NINE -METES
PROPERTY DESCRIPTION

Field note description of a tract of land containing 8.367 acres (364,474 sq. ft.) being part of a tract described to Missouri Kansas and Texas Railroad Company, as recorded in Volume 293, Page 204 Harris County Deed Records and being out of the John Reinerman Survey, A-642, said 8.367 acres being more particularly described by metes and bounds as follows;

Beginning at a 5/8 inch iron rod set in the West right-of-way line of T.C. Jester Boulevard and the Northeast corner of the residue of Cottage Grove Sec. 3, as recorded in Volume 4, Page 51 Map Records Harris County Texas and being the Southeast corner of the herein described tract;

Thence North 89 degrees 48 minutes 03 seconds, along the North line of said Cottage Grove Sec. 3 and common South line of herein described tract a distance of 1126.22 feet to a 5/8 inch iron rod set with a "TRI-TECH" cap marking the Northwest corner of lot 667 of said Cottage Grove Sec. 3 and East right-of-way line of Cohn Street (50' ROW) for the Southwest corner of herein described tract;

Thence North 02 degrees 25 minutes 53 seconds, along the East right-of-way line of said Cohn Street and common West line of herein described tract a distance of 6.69 feet to a 5/8 inch iron rod set with a "TRI-TECH" cap being on the East right-of-way line of said Cohn Street and the beginning of a curve to the right;

Thence along said East right-of-way line of said Cohn Street and said curve to the right having a arc length of 2.58 feet with a radius of 50.00 feet and a chord bearing of North 00 degrees 57 minutes 19 seconds and chord distance of 2.58 feet to a 5/8 inch iron rod set with a "TRI-TECH" cap being on the East right-of-way line of said Cohn;

Thence North 00 degrees 31 minutes 14 seconds, along the East right-of-way line of said Cohn Street and common West line of herein described tract a distance of 254.51 feet to a 5/8 inch iron rod set with a "TRI-TECH" cap being on the East right-of-way line of said Cohn Street and on the South line of a Texas Department of Transportation tract, as recorded in Harris County Clerks File Numbers P019477 and P019478 for the Northwest corner of herein described tract;

Thence South 89 degrees 50 minutes 31 seconds East, along the South line of said Texas Department of Transportation tract and common North line of herein described tract a distance of 611.70 feet to 5/8 inch iron rod set marking an interior corner of herein described tract;

Thence North 00 degrees 08 minutes 48 seconds East, along the an interior line of said Texas Department of Transportation tract and common line of herein described tract a distance of 120.93 feet to 5/8 inch iron rod set marking an exterior corner of herein described tract;

Thence South 89 degrees 51 minutes 01 seconds East, along the South line of said Texas Department of Transportation tract and common North line of herein described tract a distance of 266.12 feet to 5/8 inch iron rod set marking the beginning of a curve to the left;

Thence along South line of said Texas Department of Transportation tract and said curve to the left having a arc length of 94.31 feet with a radius of 600.00 feet and a chord bearing of North 85 degrees 38 minutes 48 seconds East and chord distance of 94.22 feet to a 5/8 inch iron rod set marking the beginning of a curve to the right;

Thence along South line of said Texas Department of Transportation tract and said curve to the right having a arc length of 58.16 feet with a radius of 375.00 feet and a chord bearing of North 85 degrees 35 minutes 12 seconds East and chord distance of 58.10 feet to a 5/8 inch iron rod set being on the South line of said Texas Department of Transportation tract;

Thence South 89 degrees 58 minutes 12 seconds East, along the South line of said Texas Department of Transportation tract and common North line of herein described tract a distance of 99.88 feet to 5/8 inch iron rod set marking the South line of said Texas Department of Transportation tract, the West right-of-way line of said T.C. Jester and Northeast corner of herein described tract;

Thence South 02 degrees 42 minutes 55 seconds East, along the West right-of-way line of said T.C. Jester and common East line of herein described tract a distance of 194.87 feet to "X" set in concrete on the West right-of-way line of said T.C. Jester and marking the beginning of a curve to the left;

Thence along the West right-of-way line of said T.C. Jester and said curve to the left having a arc length of 203.76 feet with a radius of 2297.83 feet and a chord bearing of South 04 degrees 11 minutes 21 seconds West and chord distance of 203.69 feet to the **Point of Beginning** and containing 8.367 acres (364,474 sq. ft.) of land.

- 1.) Bearings are based on City of Houston markers No. 5258/0813, 1013 and 1113
- 2.) This field note description valid for this transaction only.
- 3.) The square footage and acreage values shown hereon are mathematical values calculated from the boundary data shown hereon. These values in no way represent the precision of closure of this survey or the accuracy of boundary monuments found or set.

EXHIBIT A-2
UPLAND PARK
Property Description

Exhibit "A-2"
UPLAND PARK
Property Descriptions

Phase 1

ALL OF UPLAND PARK A PARTIAL REPLAT NO. 1, a subdivision in Harris County, Texas according to the map or plat thereof recorded under Film Code No. 633018 of the Map Records of Harris County, Texas.

Phase 2

All of UPLAND PARK, a subdivision in Harris County, Texas according to the map or plat thereof recorded under Film Code No. 620042 of the Map Records of Harris County, Texas. SAVE AND EXCEPT, ALL OF UPLAND PARK A PARTIAL REPLAT NO. 1, a subdivision in Harris County, Texas according to the map or plat thereof recorded under Film Code No. 633018 of the Map Records of Harris County, Texas.

EXHIBIT A-3
100 ACRES
Property Description

PHASE I
3.2166 Acres of Land

Being 3.2166 Acres of land situated within the A.T. Miles Survey, Abstract 556, Harris County, Texas and being a portion of that certain 109.9361 acre tract described in an instrument recorded under Harris County Clerk's File No. U956095, being the residue of that certain called 190.9 acre tract described in a deed to Harry Holmes, Jr., and Thomas J. Holmes recorded in Volume 2947, Page 155 of the Deed Records of Harris County, same being a portion of that certain called 381.8 acre tract described in a deed to Harry Holmes, and W.W. Kilpatrick recorded in Volume 916, Page 502 of the Deed Records of Harris County; said 3.2166 acre tract being more particularly described by metes and bounds as follows:

TRACT 1: 3.2166 Acres

BEGINNING at a 5/8-inch iron rod set at the northeast corner of said 190.9 acre tract in the west line of the Daniel Alexander Survey, Abstract 92 at the southeast corner of the W. C. Wallace Survey, Abstract 848, same being an exterior "L" corner of said A. T. Miles Survey, the southeast corner of Binglewood, Section One, a subdivision recorded in Volume 47, Page 39 of the Map Records of Harris County, and in the west line of Langwood, Section Two, a subdivision recorded in Volume 47, Page 63 of the Map Records of Harris County;

THENCE SOUTH 02 degrees 04 minutes 40 seconds East (bearings are based on City of Houston Survey Markers No. 5059/0913 and 5059/1113), along and with an easterly line of said 190.9 acre tract, an easterly line of said A. T. Miles Survey, said Daniel Alexander Survey west line, and said Langwood subdivision west line, a distance of 169.97 feet to a 5/8-inch iron rod set in the north right-of-way line of Kempwood Drive (100-foot wide) as described in a deed to the City of Houston recorded under Harris County Clerk's File No. F362466 and F469781;

THENCE crossing said 109.9 acre tract along and with said north right-of-way line of Kempwood Drive and the arc of a curve to the left having a Central Angle of 14 degrees 29 minutes 21 seconds, an Arc Length of 303.46 feet, a Radius of 1200.00 feet, and a Chord Bearing and Distance North 85 degrees 31 minutes 18 seconds West, 302.65 feet to a 5/8-inch iron rod set;

THENCE SOUTH 87 degrees 14 minutes 00 seconds West, continuing across said 109.9 acre tract along and with said north right-of-way line of Kempwood Drive, a distance of 726.04 feet to a 5/8-inch iron rod found at the south end of a transition right-of-way line from said north right-of-way line of Kempwood Drive to the east right-of-way line of Hollister Road;

THENCE NORTH 47 degrees 25 minutes 00 seconds West, along and with said transition right-of-way line, a distance of 14.04 feet to a 5/8-inch iron rod found at the north end of said transition right-of-way line, same being in said east right-of-way line of Hollister Road (60-foot wide) as described in a deed to Harris County recorded in Volume 1204, Page 625 of the Deed Records of Harris County;

THENCE NORTH 02 degrees 04 minutes 08 seconds West, along and with said east right-of-way line of Hollister Road, a distance of 121.28 feet to a 1-inch iron pipe found in north line of said 190.9 acre tract, the south line of said W. C. Wallace Survey, said east line of the A. T. Miles Survey, and the south line of said Binglewood subdivision;

THENCE NORTH 87 degrees 12 minutes 13 seconds East, along and with said north line of the 190.9 acre tract, said south line of the W. C. Wallace Survey, an easterly line of the A. T. Miles Survey, and said south line of Binglewood subdivision, a distance of 1036.71 feet returning to the **PLACE OF BEGINNING** of the herein described Tract 1, and containing 3.2166 acres of land.

PHASE II
39.7762 Acres of Land

Being 39.7762 Acres of land situated within the A.T. Miles Survey, Abstract 556, Harris County, Texas and being a portion of that certain 109.9361 acre tract described in an instrument recorded under Harris County Clerk's File No. U956095, being the residue of that certain called 190.9 acre tract described in a deed to Harry Holmes, Jr., and Thomas J. Holmes recorded in Volume 2947, Page 155 of the Deed Records of Harris County, same being a portion of that certain called 381.8 acre tract described in a deed to Harry Holmes, and W.W. Kilpatrick recorded in Volume 916, Page 502 of the Deed Records of Harris County; said 39.7762 acre tract being more particularly described by metes and bounds as follows:

TRACT 1: 11.4335 Acres

COMMENCING at a 5/8-inch iron rod set at the northeast corner of said 190.9 acre tract in said west line of the Daniel Alexander Survey at said southeast corner of the W. C. Wallace Survey, same being said exterior "L" corner of the A. T. Miles Survey, said southeast corner of Binglewood subdivision, and in said west line of Langwood subdivision;

Thence South 02 degrees 04 minutes 40 seconds East, along and with said easterly line of the 190.9 acre tract, said easterly line of the A. T. Miles Survey, said west line of the Daniel Alexander Survey, and said west line of Langwood subdivision, at 169.97 feet passing a 5/8-inch iron rod set in said north right-of-way line of Kempwood Drive, continuing on across said Kempwood Drive for a total distance of 273.23 feet to a 1&1/4-inch iron pipe found in the south right-of-way line of said Kempwood Drive at the northeast corner and **POINT OF BEGINNING** of the herein described Tract 1

THENCE SOUTH 02 degrees 04 minutes 40 seconds East, along and with said easterly line of the 190.9 acre tract, said easterly line of the A. T. Miles Survey, and said west line of the Daniel Alexander Survey, a distance of 1074.47 feet to a 1-inch iron rod found at the southwest corner of that certain called 150-foot wide Houston Power & Lighting (HL&P) Easement described in an instrument recorded in Volume 2310, Page 170 of the Deed Records of Harris County;

THENCE SOUTH 87 degrees 22 minutes 23 seconds West, along and with the south line of said 150-foot wide HL&P Easement to a 1-1/4-inch galvanized iron pipe found in the aforesaid east right-of-way line of Hollister Road;

THENCE NORTH 02 degrees 04 minutes 08 seconds West, along and with said east right-of-way line of Hollister Road, a distance of 148.71 feet to a 1-inch iron pipe found at the northwest corner of said 150-foot wide HL&P Easement, same being the southwest corner of that certain called 15.00 acre portion of said 109.9361 acre tract;

THENCE crossing said 109.9361 acre tract along and with the following two (2) courses:

1. **NORTH** 87 degrees 24 minutes 42 seconds East a distance of 676.68 feet along and with the north line of said Houston Lighting and Power Company Easement, same being the south line of said 15.00 acre tract to the southeast corner of said 15.00 acre tract;
2. **NORTH** 02 degrees 04 minutes 08 seconds West a distance of 966.76 feet along and with the east line of said 15.00 acre tract to the northeast corner of said 15.00 acre tract in the aforesaid south right-of-way line of Kempwood Drive;

THENCE NORTH 87 degrees 14 minutes 00 seconds East, along and with said south right-of-way line of Kempwood Drive, a distance of 60.56 feet to a 1&1/4-inch galvanized iron pipe found at the beginning of a curve to the right;

THENCE continuing along and with said south right-of-way line of Kempwood Drive and the arc of said curve to the right having a Central Angle of 15 degrees 46 minutes 20 seconds, an Arc Length of 302.81 feet, a Radius of 1100.00 feet, and a Chord Bearing and Distance of South 84 degrees 52 minutes 48 seconds East, 301.85 feet returning to the **PLACE OF BEGINNING** of the herein described Tract 1 and containing 11.4335 acres of land.

TRACT 2: 27.7486 Acres

BEING 27.7486 acres of land situated within the A. T. Miles Survey, Abstract 556, Harris County, Texas, and being a portion of that certain called 190.9 acre tract described in a deed to Harry Holmes, Jr., and Thomas J. Holmes recorded in Volume 2947, Page 158 of the Deed Records of Harris County, same being a portion of that certain called 381.8 acre tract described in a deed to Harry Holmes and W. W. Kirkpatrick recorded in Volume 916, Page 602 of the Deed Records of Harris County; said 27.7486 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 5/8-inch iron rod set at the northeast corner of said 190.9 acre tract in the west line of the Daniel Alexander Survey, Abstract 92 at the southeast corner of the W. C. Wallace Survey, Abstract 848, same being an exterior "L" corner of said A. T. Miles Survey, the southeast corner of Binglewood, Section One, a subdivision recorded in Volume 47, Page 39 of the Map Records of Harris County, and in the west line of Langwood, Section Two, a subdivision recorded in Volume 47, Page 63 of the Map Records of Harris County;

Thence South 02 degrees 04 minutes 40 seconds East, along and with said easterly line of the 190.9 acre tract, said easterly line of the A. T. Miles Survey, said west line of the Daniel Alexander Survey, and said west line of Langwood subdivision, at 169.97 feet passing a 5/8-inch iron rod set in said north right-of-way line of Kempwood Drive, continuing on across said Kempwood Drive, at 273.23 feet passing a 1&1/4-inch iron pipe found in the south right-of-way line of said Kempwood Drive, and continuing on for a total distance of 1,347.71 feet to a 1-inch iron pipe found at the southeast corner of a 150-foot wide Houston Power & Lighting (HL&P) easement described in Volume 2310, Page 170 of the Deed Records of Harris County, same being the most northerly northeast corner and **POINT OF BEGINNING** of the herein described 27.7486 acre tract;

THENCE SOUTH 02 degrees 04 minutes 40 seconds East, continuing along and with said easterly line of the 190.9 acre tract, said easterly line of the A. T. Miles Survey, and said west line of the Daniel Alexander Survey, a distance of 718.98 feet to a 5/8-inch iron rod found at the southwest corner of said Daniel Alexander Survey, same being an interior "L" corner of said 190.9 acre tract, an interior "L" corner of said A. T. Miles Survey, and the southwest corner of that certain 150-foot wide HL&P Fee Strip described in a deed recorded in Volume 2205, Page 220 of the Deed Records of Harris County;

THENCE NORTH 86 degrees 37 minutes 40 seconds East, along and with a northerly line of the 190.9 acre tract, a northerly line of the A. T. Miles Survey, the south line of said Daniel Alexander Survey, and the south line of said HL&P Fee Strip, a distance of 1173.41 feet to a T-Rail post found at an exterior "L" corner of said 190.9 acre tract and an exterior "L" corner of said A. T. Miles Survey, same being the northwest corner of the Thomas D. Yokum Survey, Abstract 941;

THENCE SOUTH 02 degrees 20 minutes 51 seconds East, along and with an easterly line of the 190.9 acre tract, an easterly line of the A. T. Miles Survey, and the west line of said Thomas D. Yokum Survey, a distance of 220.19 feet to a 5/8-inch iron rod set in the north right-of-way line of Emora Lane (80-foot wide) as described in a deed to Harris County recorded in Volume 1204, Page 622 of the Deed Records of Harris County;

THENCE SOUTH 86 degrees 41 minutes 19 seconds West, crossing said 190.9 acre tract along and with said north right-of-way line of Emnora Lane, a distance of 1851.93 feet to a 5/8-inch iron rod set at the beginning of a curve to the right of the north fork of said Emnora Lane (60 feet wide);

THENCE continuing across said 190.9 acre tract along and with said north right-of-way line of the north fork of Emnora Lane and the arc of said curve to the right having a Central Angle of 91 degrees 15 minutes 38 seconds, an Arc Length of 560.56 feet, a Radius of 352.00 feet, and a Chord Bearing and Distance of North 47 degrees 40 minutes 48 seconds West, 503.25 feet to a 5/8-inch iron rod set in the aforesaid east right-of-way line of Hollister Road;

THENCE NORTH 02 degrees 04 minutes 08 seconds West, along and with said east right-of-way line of Hollister Road, a distance of 590.50 feet to a 1-inch iron pipe and a 1&1/4-inch galvanized iron pipe found at the southwest corner of said 150-foot wide HL&P easement;

THENCE NORTH 87 degrees 22 minutes 23 seconds East, crossing said 190.9 acre tract along and with the south line of said HL&P easement, a distance of 1036.88 feet returning to the **PLACE OF BEGINNING** and containing 27.7486 acres of land.

Tract 3: 0.5941 of one Acre

COMMENCING at a 5/8-inch iron rod set at the northeast corner of said 190.9 acre tract in said west line of the Daniel Alexander Survey at said southeast corner of the W. C. Wallace Survey, same being said exterior "L" corner of the A. T. Miles Survey, said southeast corner of Binglewood subdivision, and in said west line of Langwood subdivision;

Thence South 87 degrees 12 minutes 13 seconds West, along and with said north line of the 190.9 acre tract, said south line of the W. C. Wallace Survey, said northerly line of the A. T. Miles Survey, and the south line of said Binglewood subdivision, a distance of 1036.71 feet to a 1-inch iron pipe found in the aforesaid east right-of-way line of Hollister Road;

Thence South 02 degrees 04 minutes 08 seconds East, along and with said east right-of-way line of Hollister Road, at 121.28 feet passing a 5/8-inch iron rod found at the north end of the aforesaid transition right-of-way line from Kempwood Drive, continuing on across said Kempwood Drive, at 241.26 feet passing a 5/8-inch iron rod set at the south end of the aforesaid transition right-of-way line to Kempwood Drive, at 1935.14 feet passing a 5/8-inch iron rod set at the aforesaid intersection of the north right-of-way line of Emnora Lane, continuing on across said Emnora Lane, for a total distance of 2149.49 feet to a 5/8-inch iron rod set at the intersection of the south right-of-way line of said north fork of Emnora Lane, same being the north corner and **PLACE OF BEGINNING** of the herein described Tract 3

THENCE crossing said 190.9 acre tract along and with said south right-of-way line of the north fork of Emnora Lane and the arc of a curve to the left having a Central Angle of 36 degrees 41 minutes 09 seconds, an Arc Length of 263.80 feet, a Radius of 412.00 feet, and a Chord Bearing and Distance of South 51 degrees 44 minutes 32 seconds East, 259.32 feet to a 1&1/4-inch galvanized iron pipe found at the intersection of said south right-of-way line of said north fork of Emnora Lane with the north right-of-way line of said south fork of Emnora Lane;

THENCE continuing across said 190.9 acre tract along and with said north right-of-way line of the south fork of Emnora Lane and the arc of a curve to the left having a Central Angle of 36 degrees 39 minutes 25 seconds, an Arc Length of 263.59 feet, a Radius of 412.00 feet, and a Chord Bearing and Distance of South 47 degrees 39 minutes 19 seconds West, 259.12 feet to a 1&1/4-inch galvanized iron pipe found in said east right-of-way line of Hollister Road;

THENCE NORTH 02 degrees 04 minutes 08 seconds West, along and with said east right-of-way line of Hollister Road, a distance of 335.33 feet returning to the **PLACE OF BEGINNING** of the herein described Tract 3 and containing 0.5941 of one acre of land.

PHASE III
51.9433 Acres of Land

Being 51.9433 Acres of land situated within the A.T. Miles Survey, Abstract 556, Harris County, Texas and being a portion of that certain 109.9361 acre tract described in an instrument recorded under Harris County Clerk's File No. U956095, being the residue of that certain called 190.9 acre tract described in a deed to Harry Holmes, Jr., and Thomas J. Holmes recorded in Volume 2947, Page 155 of the Deed Records of Harris County, same being a portion of that certain called 381.8 acre tract described in a deed to Harry Holmes, and W.W. Kilpatrick recorded in Volume 916, Page 502 of the Deed Records of Harris County; tracts totaling 51.9433 acres being more particularly described by metes and bounds as follows:

TRACT 1: 23 Acres of Land

BEGINNING at a 5/8-inch iron rod set at the intersection of the north right-of-way line of Hammerly Boulevard (80-foot wide) and the east right-of-way line of Hollister Road (80-foot wide), same being the southwest corner of said 109.9361 acre tract;

THENCE NORTH 02 degrees 04 minutes 08 seconds West, along and with said east right-of-way line of Hollister Road, a distance of 1106.35 feet to a 5/8-inch iron rod set at the beginning of a curve to the right of the south right-of-way line of the south fork of Emnora Lane;

THENCE along and with said south right-of-way line of the south fork of Emnora Lane and the arc of said curve to the right having a Central Angle of 88 degrees 44 minutes 20 seconds, an Arc Length of 545.17 feet, a Radius of 352.00 feet, and a Chord Bearing and Distance of North 42 degrees 19 minutes 10 seconds East, 492.29 feet to a 5/8-inch iron rod found at the end of said curve in said south right-of-way line of Emnora Lane (60-foot wide);

THENCE NORTH 86 degrees 41 minutes 19 seconds East, continuing along and with said south right-of-way line of Emnora Lane, a distance of 359.57 feet;

THENCE SOUTH 02 degrees 04 minutes 08 seconds East, crossing said 109.9361 acre tract, a distance of 1475.52 feet to said north right-of-way line of Hammerly Boulevard;

THENCE SOUTH 89 degrees 54 minutes 51 seconds West, along and with said north right-of-way line of Hammerly Boulevard, a distance of 244.38 feet to a 5/8-inch iron rod set at the beginning of a curve to the left;

THENCE continuing along and with said north right-of-way line of Hammerly Boulevard and the arc of said curve to the left having a Central Angle of 02 degrees 34 minutes 00 seconds, an Arc Length of 258.45 feet, a Radius of 5769.58 feet, and a Chord Bearing and Distance of South 88 degrees 37 minutes 51 seconds West, 258.43 feet to a 5/8-inch iron rod set;

THENCE SOUTH 87 degrees 20 minutes 51 seconds West, continuing along and with said north right-of-way line of Hammerly Boulevard, a distance of 201.21 feet returning to the **PLACE OF BEGINNING** of the herein described tract and containing 23.0000 acres of land.

TRACT 2: 28.9433 Acres

COMMENCING at a 5/8-inch iron rod set at the northeast corner of said 190.9 acre tract in said west line of the Daniel Alexander Survey at said southeast corner of the W. C. Wallace Survey, same being said exterior "L" corner of an easterly line of the A. T. Miles Survey, said southeast corner of Binglewood subdivision, and in said west line of Langwood subdivision;

Thence South 02 degrees 04 minutes 40 seconds East, along and with said easterly line of the 190.9 acre tract, said easterly line of the A. T. Miles Survey, said west line of the Daniel Alexander Survey, and said west line of Langwood subdivision, at 169.97 feet passing a 5/8-inch iron rod set in said north right-of-way line of Kempwood Drive, continuing on across said Kempwood Drive, at 273.23 feet passing a 1&1/4-inch iron pipe found in the south right-of-way line of said Kempwood Drive, and continuing on for a total distance of 2066.68 feet to a 5/8-inch iron rod found at the southwest corner of said Daniel Alexander Survey, same being an interior "L" corner of said 190.9 acre tract, an interior "L" corner of said A. T. Miles Survey, and said southwest corner of the 150-foot wide HL&P Fee Strip;

Thence South 64 degrees 15 minutes 05 seconds East, crossing said 190.9 acre tract, a distance of 574.21 feet to a 5/8-inch iron rod found in the south right-of-way line of the aforesaid Emnora Lane at the northwest corner of that certain tract of land described in a deed to the Spring Independent School District recorded under Harris County Clerk's File No. B130141, same being the northeast corner and **POINT OF BEGINNING** of the herein described Tract 2

THENCE SOUTH 02 degrees 04 minutes 11 seconds East, continuing across said 190.9 acre tract along and with the west line of said Spring Independent School District tract, a distance of 1522.87 feet to a 5/8-inch iron rod set in the north right-of-way line of Hammerly Boulevard (80-feet wide) as described in a deed to Harris County recorded in Volume 3246, Page 16 of the Deed Records of Harris County;

THENCE SOUTH 89 degrees 54 minutes 51 seconds West, along and with said north right-of-way line of Hammerly Boulevard, a distance of 841.48 feet;

THENCE NORTH 02 degrees 04 minutes 08 seconds West, crossing said 109.9361 acre tract, a distance of 1475.52 feet to said south right-of-way line of Emnora Lane;

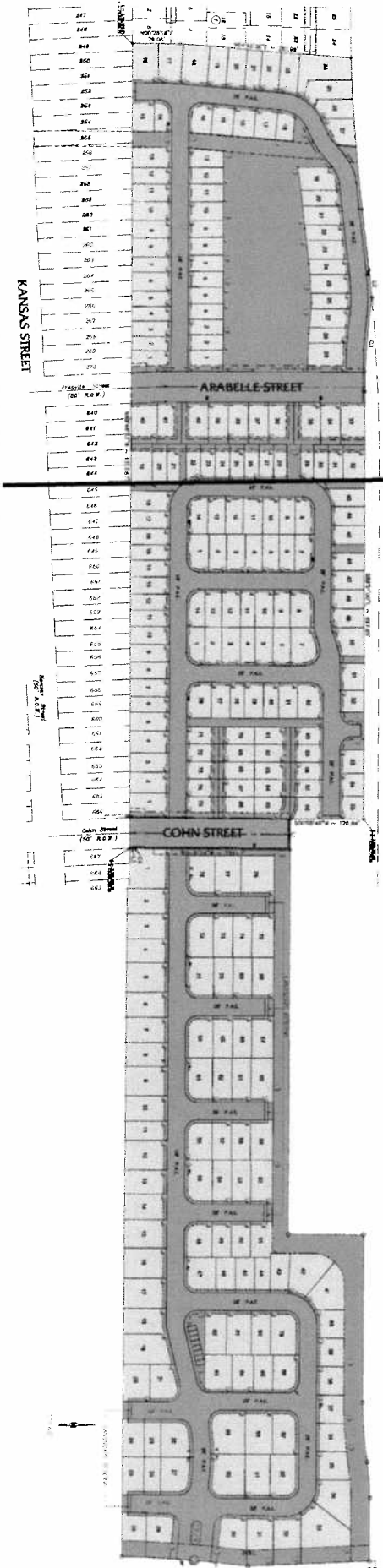
THENCE NORTH 86 degrees 41 minutes 19 seconds East, along and with said south right-of-way line of Emnora Lane, a distance of 841.15 feet returning to the **PLACE OF BEGINNING** of the herein described Tract 2 and containing 28.9433 acres of land.

EXHIBIT B-1
COTTAGE GROVE
Site Plan

COTTAGE GROVE

Phase I

Phase II



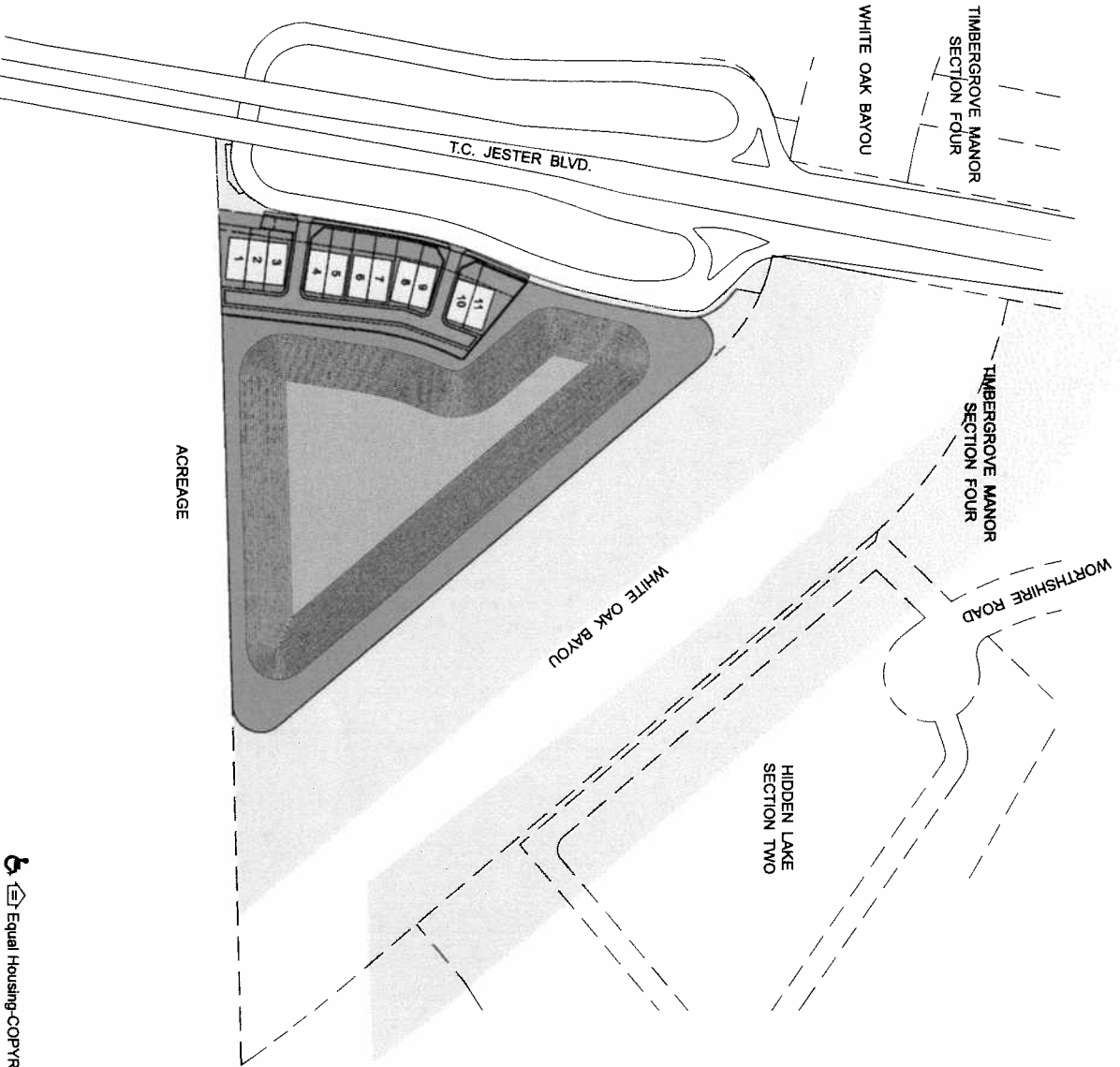
All site maps, renderings, and pictures of community views are subject to revision. Changes, additions and deletions without prior notice. The inclusion features, measurements, number of homes, street names, and anything that completes the view. No representation or warranty other expressed or implied are made as to the accuracy of the information herein or who depend to the suitability, usability, feasibility, mechanicality or condition of any property described.

Equal Housing Opportunity Act



COTTAGE GROVE

Phase II - Half Moon Bay

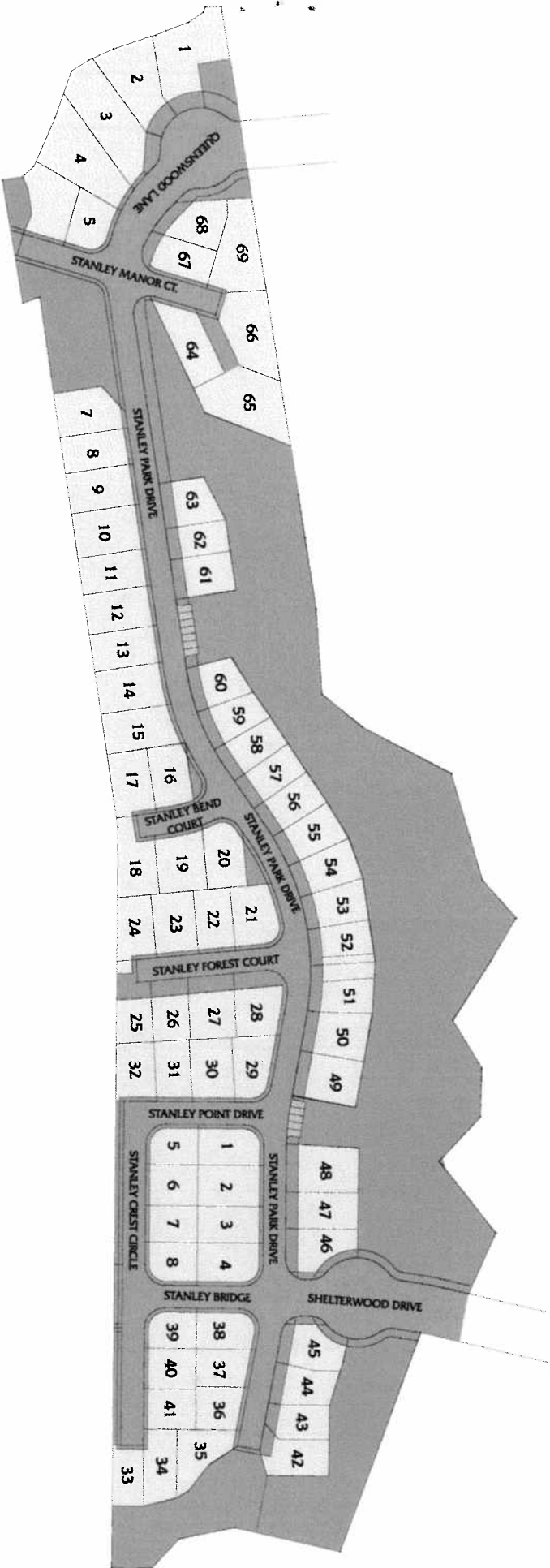


All site maps, renderings, and pictures of community areas are subject to revision, changes, additions and deletions without prior notice. This includes features, measurements, number of homes, plant material, benches, and anything that completes this area. No representation or warranties either expressed or implied are made as to the accuracy of the information herein or with respect to the suitability, usability, feasibility, merchantability or condition of any property described.

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COTTAGE GROVE Phase III



All the maps, renderings, and pictures of community areas are subject to revision, change, addition and deletion without prior notice. This includes features, measurements, number of homes, plan material, benches, and anything that completes the area. No representation or warranties other expressed or implied are made as to the accuracy of the information herein or with respect to the suitability, usability, feasibility, merchantability or condition of any property described.


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EXHIBIT B-2
UPLAND PARK
Site Plan

EXHIBIT B-3
100 ACRES
Site Plan

EXHIBIT C
ALL DEVELOPMENTS
Infrastructure Categories

The following table describes the categories of infrastructure for which DEVELOPER may be reimbursed. These categories may be amended from time to time, as described in Section 1.07 herein, with the approval of the Director of the Finance Department of the CITY (or his or her designee).

70000	Retaining Walls- Development
70200	Demolition – Development
70100	Impact Fee – Development
70110	City Permit Fee – Development
70120	City Park Fee in Lieu - Development
70300	Tree Removal – Development not allowed for noble trees or trees over 6” in caliper
70400	Soil Report – Development
70500	Engineering and Planning Fee - Development
70600	Survey Fee – Development
70700	Plat Fee – Development
70900	Temporary Wet Utility – Development
70910	Public Access Easement Wastewater - Development
70920	Public Access Easement Water & meters - Development
70930	Public Access Easement Storm - Development
70940	Public Or PAE Fire hydrants - Development
70980	Off Site Wet Utility (PW) within public easements – Development
70990	Dry Utility located within public easements - Development
71100	Site clearing - Development
71200	Remove non-Struct. Dirt - Develop.
71300	Select Fill Dirt (M) - Develop.
71500	Cut Street Base
71600	All Detention costs including land at developer cost
71700	PaveStone Street Crossings and Intersections for all public row/easements (L&M) - Develop.
72000	Street curb -Develop.
72050	Driveway Approach (L&M)-Development
72100	Compaction Report Development
72300	Wrought Iron, Brick or Masonry Fence – for all fences visible from a public street - Develop.
72600	Landscaping, Irrigation, Lightening and Beautification
73000	Public Street construction costs
73100	Public utilities
73330	Public Sidewalks