



Control Number: 43965



Item Number: 58

Addendum StartPage: 0

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as Exhibit A and made a part hereof for all purposes.

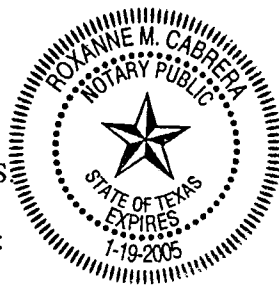
Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Sealed Bid DFW, L.P., a Texas limited partnership

By: Bellaire Oaks, Inc., general partner

By: Phillip W. Huffines
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.

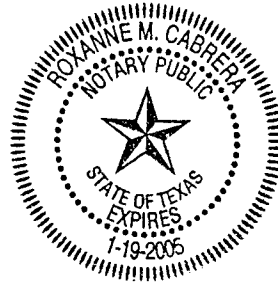


Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit H

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

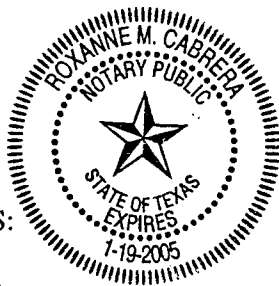
The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as Exhibit A and made a part hereof for all purposes.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Binary Investments, Inc., a Texas corporation

By: Phillip W. Huffines
Phillip W. Huffines, President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.

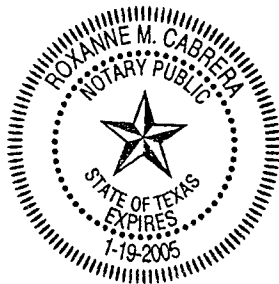


Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit G

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, President of **Binary Investments, Inc.**, a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Mahard Egg Farm, Inc. does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement"); and

2. No Mahard individual or entity owned in whole or in part by the Mahards have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Binary Investments, Inc., a Texas corporation

By: Phillip W. Huffines
Phillip W. Huffines, President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit F

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of **Huffines Communities, Inc.**, a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Huffines Communities, Inc., a Texas corporation

By: *Phillip W. Huffines*
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Huffines Communities, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Huffines Communities, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit E

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of **Huffines Communities, Inc.**, a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Mahard Egg Farm, Inc. does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement"); and

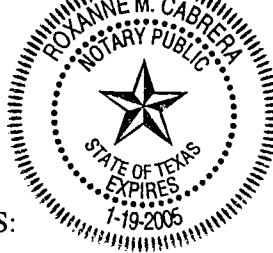
2. No Mahard individual or entity owned in whole or in part by the Mahards have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Huffines Communities, Inc., a Texas corporation

By: *Phillip W. Huffines*
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of ~~Huffines~~ **Huffines Communities, Inc.**, a Texas corporation, on behalf of said corporation.

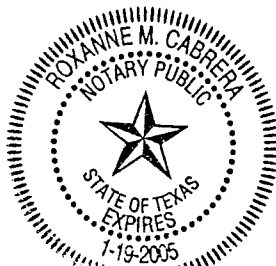


Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Huffines Communities, Inc., a Texas corporation, on behalf of said corporation.



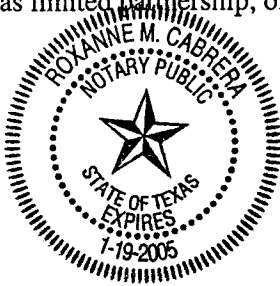
Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit D

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of **Sealed Bid DFW, L.P.**, a Texas limited partnership (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Sealed Bid DFW, L.P. is the owner of or has optioned to purchase land lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement");

2. Mahard Egg Farm, Inc. does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement; and

2. No Mahard individual or entity owned in whole or in part by the Mahards have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

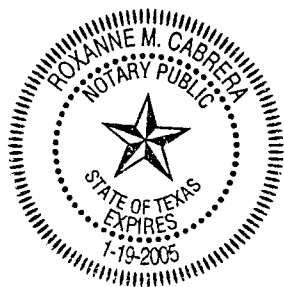
Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Sealed Bid DFW, L.P., a Texas limited partnership

By: Bellaire Oaks, Inc., its general partner

By: *Phillip W. Huffines*
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit C

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Sealed Bid DFW, L.P. is the owner of or has optioned to purchase land lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as Exhibit A and made a part hereof for all purposes (the "Settlement Agreement"); and

2. The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Sealed Bid DFW, L.P., a Texas limited partnership

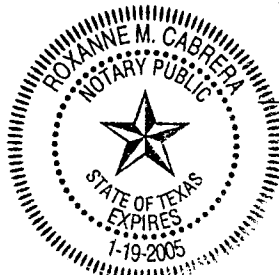
By: Bellaire Oaks, Inc., general partner

By: Phillip W. Huffines
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.

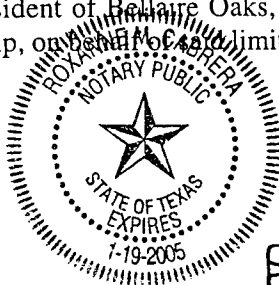
THE STATE OF TEXAS:

COUNTY OF DALLAS:



Roxanne M. Cabrera
Notary Public, State of Texas

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit B

General Residential Standards

Streets: Residential streets shall consist of a 50-foot right-of-way with a 30-foot or, if rear entry, a 27-foot paving section (back-to-back). Collector residential streets shall consist of a 60-foot right-of-way with a 37-foot or a 44-foot paving section (back-to-back). Fifty feet of right-of-way will be dedicated to the county, measured from the centerline of the future alignment for Fish Trap Road and 40 feet, measured from the centerline, for Fields Road. The District will construct a 24-foot paving section (back-to-back) for Fish Trap Road and Fields Road.

Sidewalks: A four-foot sidewalk within the street right-of-way shall be constructed by each homebuilder at the front of all single-family residential lots, including corner lots.

Lot Cap: There will be a maximum lot count of 2,100 single-family lots allocated between the Love Tract (maximum 1,150 lots) and the Jones Tract (maximum 950 lots). If the maximum allocated to either tract is not achieved, the difference may be used on the other tract.

General Commercial Standards

Building Materials: The exterior wall surface of any main building that faces a public right-of-way will have a minimum of 90% of the total exterior surface, excluding door and window openings, constructed of masonry materials which may include stone, stucco, tile, brick, cementitious fiberboard or any combination thereof, as approved by the District. The remaining 10% of the total exterior wall surface may include vinyl siding but may not include E.I.F.S., wood or masonite (or similarly material). If a main building is located on a corner lot at the intersection of two public rights-of-way, this requirement shall apply only to the exterior wall surface that contains the main public entrance to the building.

Fencing Materials: Chain link fences shall be prohibited.

Single-Family Buffers: All commercial areas shall be screened from contiguous single-family areas by a landscape buffer at least 10 feet wide and containing either (i) landscaping materials planted on no less than five-foot centers such that, over a reasonable period of time, they will create a solid vegetative screen at least six feet high or (ii) a solid masonry wall at least six feet high.

Parking Lots: All parking lots shall be constructed of concrete.

Landscape Irrigation: All landscaped areas shall be irrigated by automatic systems.

Exhibit I

Development Standards

Single-Family

Required Parking: Two parking spaces shall be provided on the garage apron between the garage and the street right-of-way. Two additional covered parking spaces will be provided within an enclosed two-car garage. All garages will be equipped with automatic garage door openers.

Building Materials: A minimum of 70% of the total exterior wall surfaces of all main buildings, excluding door and window openings, shall be of masonry construction which may include: stone, stucco, tile, brick, cementitious fiberboard or any combination thereof, as approved by the District. The front elevation shall be 100% masonry construction, excluding door and window openings. The remaining 30% of the total exterior wall surfaces may include vinyl siding but may not include E.I.F.S., wood or masonite (or similarly material).

Building and Area Requirements:

Lot Area The minimum area of the lots shall be 4,200 square feet.

Lot Width: The minimum width of any lot shall not be less than 40 feet, measured at the right-of-way line, except that lots at the terminus of a cul-de-sac or along street elbows/eyebrows may have a minimum width of 30 feet along the arc at the right-of-way, provided all other requirements of this section are fulfilled. Building lines may be staggered or set back at a greater distance from the right-of-way.

Lot Depth: The minimum depth of any lot shall be 100 feet.

Front Yard: The minimum depth of the front yard shall be 12 feet. Garages must be set back a minimum of 20 feet from the right-of-way line.

Side Yard: The minimum side yard on each side of a lot shall be five feet. A side yard for all corners lots shall not be less than ten feet. Roof eaves, chimneys, and other similar architectural elements may extend into the side yard.

Rear Yard: The minimum depth of the rear yard shall be ten feet for main buildings. Accessory structures shall have a minimum rear yard setback of two feet.

Minimum Dwelling Area: The minimum enclosed heated and air-conditioned living area shall be 1,300 square feet.

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MULTI-FAMILY
30.000 ACRES

SINGLE FAMILY
220.600 ACRES

SINGLE FAMILY
227.176 ACRES

COMMERCIAL
5.0 AC.



**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "H"
LOCATION MAP

LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

Exhibit H

Location Map

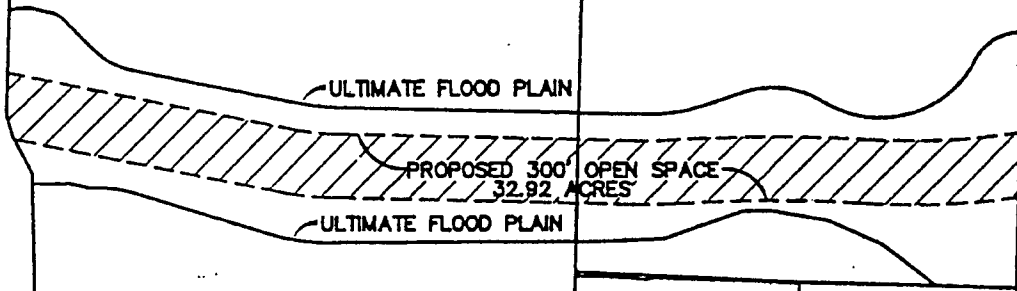
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EXHIBIT "C"

EXHIBIT "A"

EXHIBIT "B"



DOWDEY, ANDERSON
& ASSOCIATES, INC.

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "G"
OPEN SPACE

LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

THENCE South 78 deg. 34 min. 19 sec. East, a distance of 1,377.53 feet to a point for corner at the beginning of a curve to the left having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,125.00 feet and a chord bearing and distance of South 83 deg. 36 min. 25 sec. East, 197.47 feet;

THENCE Easterly, along said curve to the left, an arc distance of 197.72 feet to a point for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the left having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,500.00 feet and a chord bearing and distance of North 88 deg. 49 min. 42 sec. East, 132.42 feet;

THENCE Easterly, along said curve to the left, an arc distance of 132.46 feet to a point for corner; at the beginning of a reverse curve to the right having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,304.45 feet, and a chord bearing and distance of South 89 deg. 58 min. 20 sec. East, 950.19 feet;

THENCE Easterly, along said curve to the right, an arc distance of 950.87 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 12 deg. 50 min. 27 sec., a radius of 3,147.03 feet, and a chord bearing and distance of North 87 deg. 20 min. 12 sec. East, 703.82 feet;

THENCE Easterly, along said curve to the left, an arc distance of 705.30 feet to a point for corner in said East line of Inwood Plaza Joint Venture tract;

THENCE South 01 deg. 06 min. 38 sec. West, along aid East line, a distance of 304.38 feet to the POINT OF BEGINNING and containing 1,433,917 square feet or 32.918 acres of land.

EXHIBIT "G"

BEING a tract of land located in the LOUISA NETHERLEY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738 (Doc. No. 98-R0110922), Deed Records, Denton County, Texas and being part of a tract of land described in Deed to Sealed Bid DFW, L.P., recorded in Volume 5246, Page 1851, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a point for corner in the East line of said Inwood Plaza Joint Venture tract at the beginning of a curve to the right having a central angle of 11 deg. 56 min. 43 sec., a radius of 3,447.03 feet and a chord bearing and distance of South 87 deg. 47 min. 04 sec. West, 717.36 feet;

THENCE Westerly, along said curve to the right, an arc distance of 718.66 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,004.45 feet, and a chord bearing and distance of North 89 deg. 58 min. 20 sec. West, 911.17 feet;

THENCE Westerly, along said curve to the left, an arc distance of 911.82 feet to a point for corner at the beginning of a reverse curve to the right having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,800.00 feet, and a chord bearing and distance of South 88 deg. 49 min. 42 sec. West, 158.90 feet;

THENCE Westerly, along said curve to the right, an arc distance of 158.95 feet to a point for corner;

THENCE North 88 deg. 38 min. 31 sec. West, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the right having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,425.00 feet and a chord bearing and distance of North 83 deg. 36 min. 25 sec. West, 250.13 feet;

THENCE Westerly, along said curve to the right, an arc distance of 250.45 feet to a point for corner;

THENCE North 78 deg. 34 min. 19 sec. West, a distance of 1,285.39 feet to a point for corner;

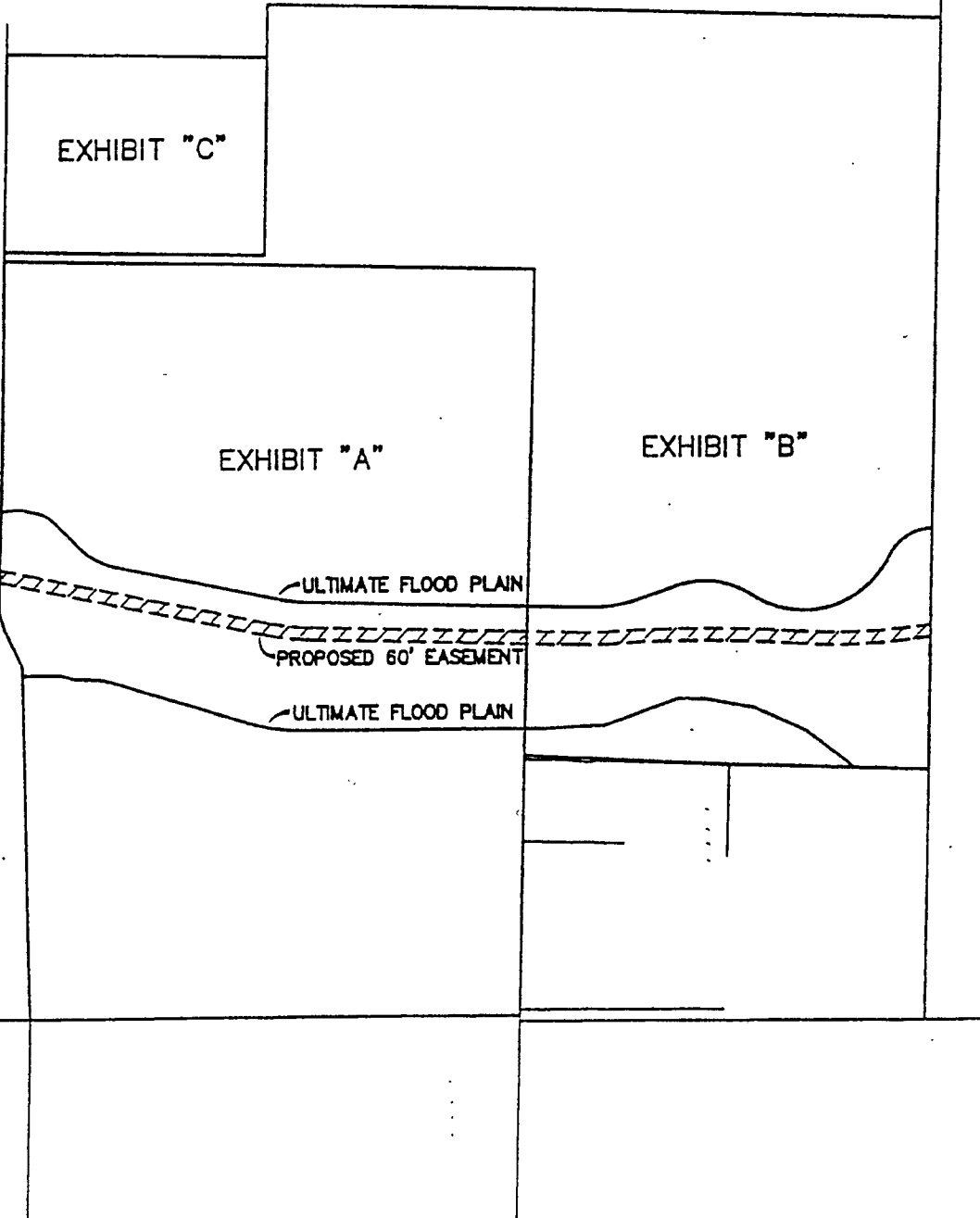
THENCE North 18 deg. 14 min. 51 sec. West, a distance of 115.79 feet to a point for corner in the West line of said Sealed Bid, DFW tract;

THENCE North 01 deg. 31 min. 29 sec. East, along said West line, a distance of 202.41 feet to a point for corner;

Exhibit G

Open Space

S:\PROJECTS LDD\02032BND\02032BND-OVERALL.dwg, EX-F, 04/08/2003 03:52:07 PM, sshropshire, Dowdey, Anderson & Associates, Inc., SS



**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EASEMENT TO PROSPER

LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

THENCE Easterly, along said curve to the left, an arc distance of 197.72 feet to a point for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the left having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,500.00 feet and a chord bearing and distance of North 88 deg. 49 min. 42 sec. East, 132.42 feet;

THENCE Easterly, along said curve to the left, an arc distance of 132.46 feet to a point for corner; at the beginning of a reverse curve to the right having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,304.45 feet, and a chord bearing and distance of South 89 deg. 58 min. 20 sec. East, 950.19 feet;

THENCE Easterly, along said curve to the right, an arc distance of 950.86 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 12 deg. 50 min. 27 sec., a radius of 3,147.03 feet, and a chord bearing and distance of North 87 deg. 20 min. 12 sec. East, 703.82 feet;

THENCE Easterly, along said curve to the left, an arc distance of 705.30 feet to a point for corner in said East line of Inwood Plaza Joint Venture tract;

THENCE South 01 deg. 06 min. 38 sec. West, along said East line, a distance of 60.94 feet to the POINT OF BEGINNING and containing 287,156 square feet or 6.592 acres of land.

EXHIBIT "A" TO EASEMENT AGREEMENT

BEING a tract of land located in the LOUISA NETHERLEY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738 (Doc. No. 98-R0110922), Deed Records, Denton County, Texas and being part of a tract of land described in Deed to Sealed Bid DFW, L.P., recorded in Volume 5246, Page 1851, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a point for corner in the East line of said Inwood Plaza Joint Venture tract at the beginning of a curve to the right having a central angle of 12 deg. 38 min. 53 sec., a radius of 3,207.03 feet and a chord bearing and distance of South 87 deg. 25 min. 59 sec. West, 706.52 feet;

THENCE Westerly, along said curve to the right, an arc distance of 707.96 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,244.45 feet, and a chord bearing and distance of North 89 deg. 58 min. 20 sec. West, 942.40 feet;

THENCE Westerly, along said curve to the left, an arc distance of 943.05 feet to a point for corner at the beginning of a reverse curve to the right having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,560.00 feet, and a chord bearing and distance of South 88 deg. 49 min. 42 sec. West, 137.71 feet;

THENCE Westerly, along said curve to the right, an arc distance of 137.75 feet to a point for corner;

THENCE North 88 deg. 38 min. 31 sec. West, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the right having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,185.00 feet and a chord bearing and distance of North 83 deg. 36 min. 25 sec. West, 208.00 feet;

THENCE Westerly, along said curve to the right, an arc distance of 208.27 feet to a point for corner;

THENCE North 78 deg. 34 min. 19 sec. West, a distance of 1,367.05 feet to a point for corner in the West line of said Sealed Bid, DFW tract;

THENCE North 01 deg. 31 min. 29 sec. East, along said West line, a distance of 60.91 feet to a point for corner;

THENCE South 78 deg. 34 min. 19 sec. East, a distance of 1,377.53 feet to a point for corner at the beginning of a curve to the left having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,125.00 feet and a chord bearing and distance of South 83 deg. 36 min. 25 sec. East, 197.47 feet;

EXHIBIT "A" to Easement Agreement

Easement Property

THE STATE OF TEXAS §
 §
COUNTY OF _____§

BEFORE ME, the undersigned authority, on this ___ day of _____
_____, 2003, personally appeared _____,
_____ of _____ and acknowledged to me that he executed
the same for the purposes and consideration therein expressed, in the capacity therein
stated and as the act and deed of said _____.

Notary Public in and for the
State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF _____§

BEFORE ME, the undersigned authority, on this ___ day of _____
_____, 2003, personally appeared _____,
_____ of _____, and acknowledged to me
that he executed the same for the purposes and consideration therein expressed, in the
capacity therein stated and as the act and deed of said _____.

Notary Public in and for the
State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF _____§

BEFORE ME, the undersigned authority, on this ___ day of _____
_____, 2003, personally appeared _____, _____ of the
Town of Prosper, Texas, a Type A general law municipality, and acknowledged to me
that he executed the same for the purposes and consideration therein expressed, in the
capacity therein stated and as the act and deed of said municipality.

Notary Public in and for the
State of Texas

Texas, the Denton County Fresh Water Supply District No. 10 , Huffines Communities, Inc. Binary Investments, Inc., Seal Bid DFW, L.P., and Inwood Plaza Joint Venture dated the ____ day of May 2003.

There are no liens, attachments, or other encumbrances which will affect the title or right of the Grantor to grant the Easement to the Grantee for the purposes described herein.

TO HAVE AND TO HOLD the Easement Property unto the Grantee for the purposes herein set forth, Grantor hereby binds Grantor, Grantor's heirs, executors, administrators, successors and assigns, to warrant and forever defend the easement and rights granted herein unto Grantee, its successors and assigns against every person whomsoever lawfully claiming or attempting to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

WITNESS THE GRANTOR'S HAND to be effective as of the _____ day of _____, 2003.

GRANTOR:

and all buildings and wall structures; and the right to trim or remove trees or shrubbery within the Easement Property, which in the reasonable judgment of the Grantee are necessary to prevent interference with the operation of the Easement Property or to remove any possible hazard thereto.

With regard to any entry or work conducted by Grantee on the Easement Property, Grantee shall, to the extent permitted by applicable law, indemnify and hold harmless Grantor from any loss or damage, including costs, expenses and attorney's fees resulting from such entry or work. Grantor reserves the right to grant additional easements over, under, across and upon the Easement Property as long as such additional easements do not unreasonably interfere with the use of the Easement Property by Grantee.

This instrument shall not be considered as a deed to the Easement Property or any part thereof, and the right is hereby reserved to Grantor, its successors and assigns, to use the Easement Property (i) to build and construct streets, driveways, parking lots, and other drainage and recreational improvements (excluding permanent structures and wall structures), (ii) to install and maintain landscaping, (iii) to conduct farming operations, (iv) for any other purposes that do not unreasonably interfere with the use by Grantee of the Easement Property for the purposes set forth herein. In addition, with respect to the use of the Easement Property for a grade-level pedestrian hike and bike trail, the right is hereby reserved to Grantor, its successors and assigns, to subject such use of the Easement Property to reasonable restrictions; provided, however, any reasonable restrictions imposed shall be uniformly applicable to all residences of the Development Area as described in that certain agreement entered into among the Town of Prosper

Exhibit F

Form of Easement

AFTER RECORDING, RETURN TO:

Richard M. Abernathy
Abernathy, Roeder, Boyd & Joplin, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75070

UTILITY EASEMENT

STATE OF TEXAS

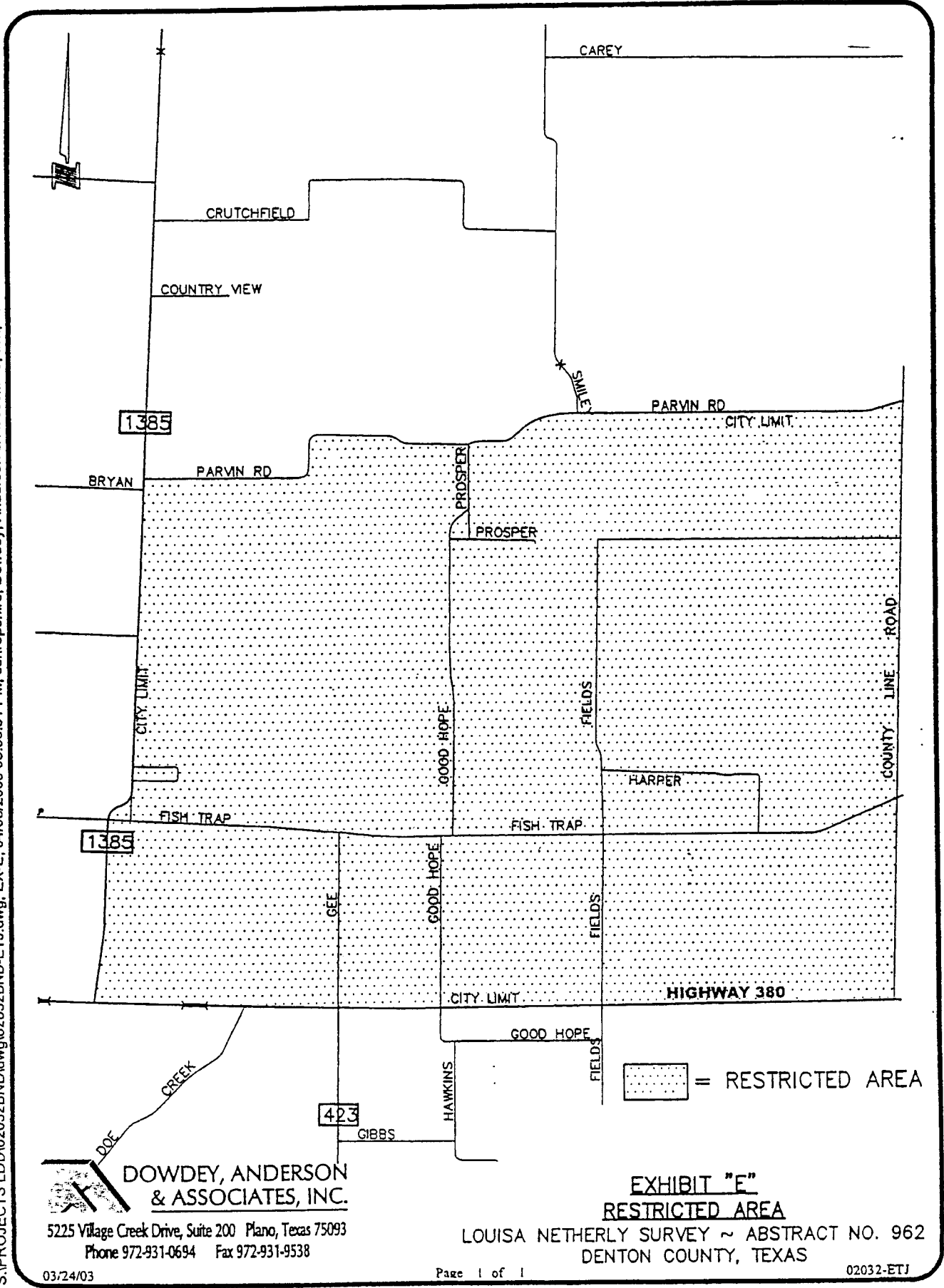
KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF DENTON

That _____ (“_____”), hereinafter called
“Grantor”, whether one or more, for and in consideration of Ten Dollars (\$10.00) and
other valuable consideration to Grantor in hand paid by the Town of Prosper, Texas
 (“Prosper”), hereinafter referred to as “Grantee”, has granted, sold and conveyed and by
these presents does grant, sell and convey unto said Grantee, its successors and assigns, a
non-exclusive easement and right-of-way solely for underground public utilities
(including all necessary appurtenances) and a grade-level pedestrian hike and bike trail
(the “Easement”) over, under, across and upon Grantor’s property being sixty (60) feet in
width, which property is more fully described in the attached Exhibit A (the “Easement
Property”).

Together with the right of ingress and egress along and upon the Easement
Property for the purposes of and with the right to construct, maintain, operate, remove,
and reconstruct said underground public utilities (including all necessary appurtenances)
and a grade-level pedestrian hike and bike trail; the right to prevent construction of any

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DOWDEY, ANDERSON & ASSOCIATES, INC.
 5225 Village Creek Drive, Suite 200 Plano, Texas 75093
 Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "E"
RESTRICTED AREA
 LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
 DENTON COUNTY, TEXAS

Exhibit E

Illustration of Restricted Area

S:\PROJECTS LDD\02032BND\dwg\02032BND-OVERALL.dwg, EX-D, 04/22/2003 01:38:29 PM, sshropshire, Dowdey, Anderson & Associates, Inc., SS

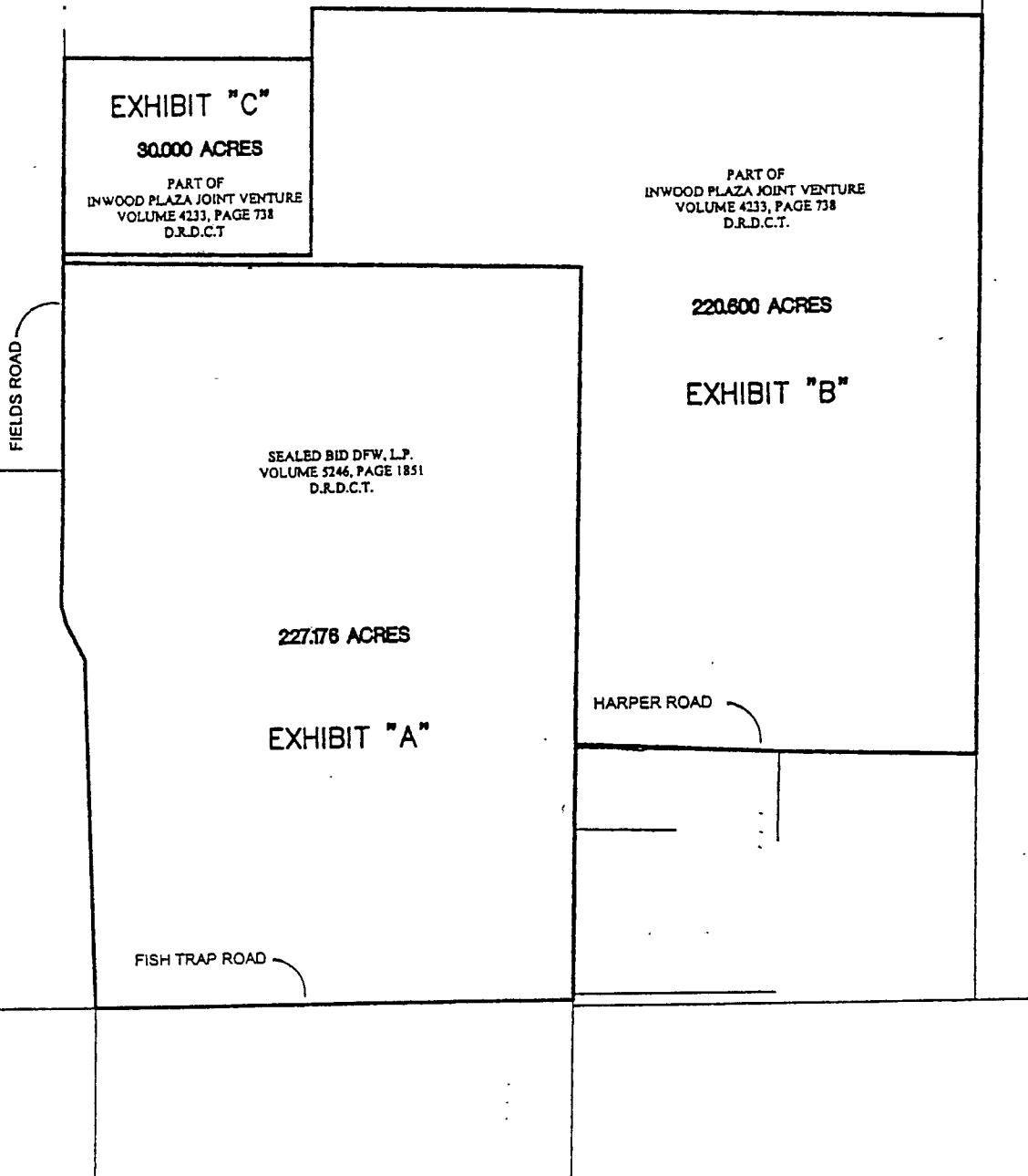


EXHIBIT "C"

30.000 ACRES

PART OF
INWOOD PLAZA JOINT VENTURE
VOLUME 4233, PAGE 738
D.R.D.C.T.

PART OF
INWOOD PLAZA JOINT VENTURE
VOLUME 4233, PAGE 738
D.R.D.C.T.

220.600 ACRES

EXHIBIT "B"

SEALED BID DFW, L.P.
VOLUME 5246, PAGE 1851
D.R.D.C.T.

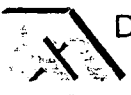
227.176 ACRES

EXHIBIT "A"

HARPER ROAD

FISH TRAP ROAD

FIELDS ROAD



**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

**EXHIBIT "D"
DEVELOPMENT AREA**

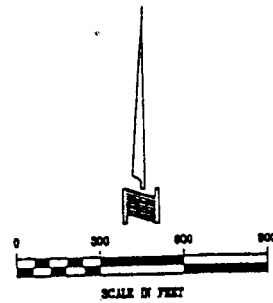
LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

Exhibit D

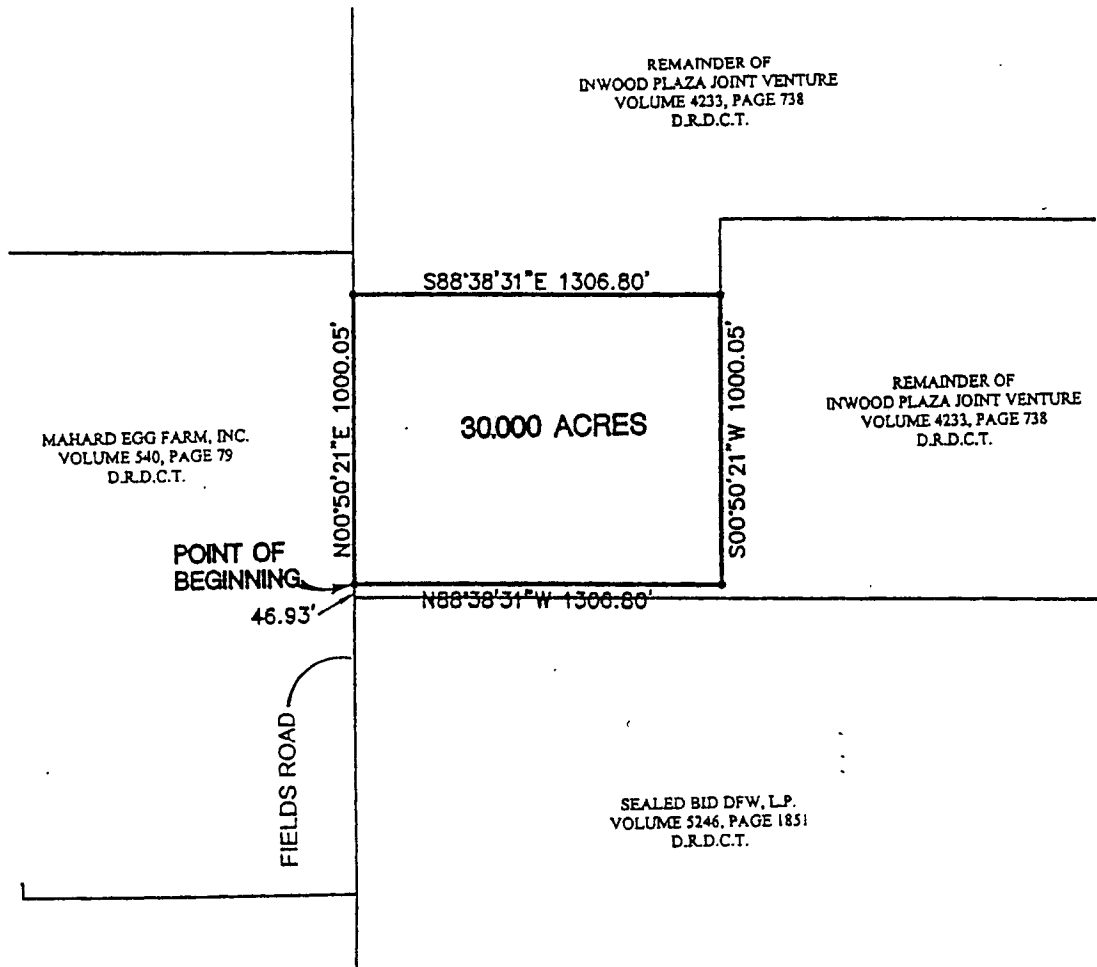
Illustration of Development Area

LEGEND

- ⊙ = MONUMENT FOUND AS NOTED
- = 1/2" IRON ROD W/ YELLOW PLASTIC CAP STAMPED "DAA" SET
- D.R.D.C.T. = DEED RECORDS, DENTON COUNTY, TEXAS



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DOWDEY, ANDERSON & ASSOCIATES, INC.
 5225 Village Creek Drive, Suite 200 Plano, Texas 75093
 Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "C"
MULTI-FAMILY TRACT
 1,306,800 SQUARE FEET OR 30.000 ACRES
 LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
 DENTON COUNTY, TEXAS

EXHIBIT "C"

BEING a tract of land located in the LOUISA NETHERLEY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738 (Doc. No. 98-R0110922), Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a point for corner in the East line of a tract of land described in Deed to Mahard Egg Farm, Inc., recorded in Volume 540, Page 79, Deed Records, Denton County, Texas, said point being North 00 deg. 50 min. 23 sec. East, a distance of 46.93 feet from the Northwest corner of a tract of land described in Deed to Sealed Bid DFW, L.P., recorded in Volume 5246, Page 1851, Deed Records, Denton County, Texas;

THENCE North 00 deg. 50 min. 21 sec. East, along the common line of said Inwood Plaza Joint Venture tract and said Mahard Egg Farm tract, a distance of 1,000.05 feet to a point for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 1,306.80 feet to a point for corner;

THENCE South 00 deg. 50 min. 21 sec. West, a distance of 1,000.05 feet to a point for corner;

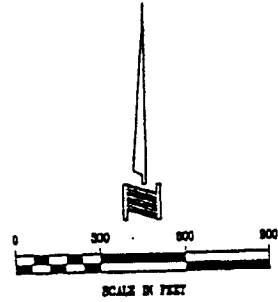
THENCE North 88 deg. 38 min. 31 sec. West, a distance of 1,306.80 feet to the POINT OF BEGINNING and containing 1,306,800 square feet or 30.000 acres of land.

Exhibit C

Description of 30-Acre Multi-Family Tract

LEGEND

- ⊙ = MONUMENT FOUND AS NOTED
- = 1/2" IRON ROD W/ YELLOW PLASTIC CAP STAMPED "DAA" SET
- D.R.D.C.T. = DEED RECORDS, DENTON COUNTY, TEXAS



REMAINDER OF
INWOOD PLAZA JOINT VENTURE
VOLUME 4233, PAGE 738
D.R.D.C.T.

S88°38'31"E 3463.69'

MATCHLINE
N00°50'21"E 1259.17'

220.600 ACRES

WOOD FENCE
POST FOUND
FOR CORNER

JIM P. LOVE
VOLUME 323, PAGE 633
D.R.D.C.T.

REMAINDER OF
INWOOD PLAZA JOINT VENTURE
VOLUME 4233, PAGE 738
D.R.D.C.T.

N01°19'49"E 2416.79'

S01°06'36"W 3752.84'
RUBY MAE NICHOLS, ET AL.
VOLUME 2236, PAGE 29 D.R.D.C.T.

FIELDS ROAD

N00°50'21"E
46.93'

POINT OF
BEGINNING

MAHARD EGG FARM, INC.
VOLUME 540, PAGE 79
D.R.D.C.T.

JIM P. LOVE
VOLUME 323, PAGE 633
D.R.D.C.T.

S88°38'31"E 1306.80'

3/8" IRF N88°38'31"W 2705.80'

MATCHLINE

HARPER ROAD

1/2" IRF

1/2" IRF

WOOD FENCE
POST FOUND
FOR CORNER

N87°13'15"W 1047.57'

JOHN ROY CAGLE
VOLUME 821, PAGE 499
D.R.D.C.T.

N88°25'04"W 1020.65'

JOHNNY R. WARREN AND WIFE,
KATHLEEN M. WARREN
VOLUME 3124, PAGE 11
D.R.D.C.T.



**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "B"
JONES TRACT

9,609,336 SQUARE FEET OR 220.600 ACRES
LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

102032BND-220.600AC

S:\PROJECTS LDD\102032BND\dwg\102032BND-220.600AC.dwg. (1), 04/08/2003 02:43:44 PM, sshropshire, Dowdey, Anderson & Associates, Inc., SS

EXHIBIT "B"

BEING a tract of land located in the LOUISA NETHERLEY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738 (Doc. No. 98-R0110922), Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a 3/8 inch iron rod found in the East line of a tract of land described in Deed to Mahard Egg Farm, Inc., recorded in Volume 540, Page 79, Deed Records, Denton County, Texas, said point being at the Northwest corner of a tract of land described in Deed to Jim P. Love, recorded in Volume 323, Page 633, Deed Records, Denton County, Texas, said point also being the most Westerly Southwest corner of said Inwood Plaza Joint Venture tract;

THENCE North 00 deg. 50 min. 21 sec. East, along the common line of said Inwood Plaza Joint Venture tract and said Mahard Egg Farm tract, a distance of 46.93 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DAA" set for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 1,306.80 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DAA" set for corner;

THENCE North 00 deg. 50 min. 21 sec. East, a distance of 1,259.17 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DAA" set for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 3,463.69 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DAA" set for corner in the East line of said Inwood Plaza Joint Venture tract and the West line of a tract of land described in Deed to Ruby Mae Nichols, et al, recorded in Volume 2256, Page 29, Deed Records, Denton County, Texas;

THENCE South 01 deg. 06 min. 38 sec. West, along the common line of said Inwood Plaza Joint Venture tract and said Nichols tract, a distance of 3,752.84 feet to a wood fence post found at the Northeast corner of a tract of land described in Deed to Johnny R. Warren and wife, Kathleen M. Warren, recorded in Volume 3124, Page 11, Deed Records, Denton County, Texas;

THENCE North 88 deg. 25 min. 04 sec. West, along or near an old barbed wire fence, a distance of 1,020.65 feet to a 1/2 inch iron rod found at the Northeast corner of a tract of land described in Deed to John Roy Cagle, recorded in Volume 821, Page 499, Deed Records, Denton County, Texas;

THENCE North 87 deg. 13 min. 15 sec. West, a distance of 1,047.57 feet to a 1/2 inch iron rod found for corner in the East line of said Love tract at or near the center of Harper Road;

THENCE North 01 deg. 19 min. 49 sec. East, a distance of 2,416.79 feet to a wood fence post found at the Northeast corner of said Love tract;

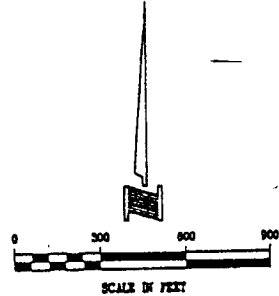
THENCE North 88 deg. 38 min. 31 sec. West, a distance of 2,705.80 feet to the POINT OF BEGINNING and containing 9,609,336 square feet or 220.600 acres of land.

Exhibit B

Description of 220-Acre Jones Tract

LEGEND

- ⊙ = MONUMENT FOUND AS NOTED
- = 1/2" IRON ROD W/ YELLOW PLASTIC CAP STAMPED "DAA" SET
- D.R.D.C.T. = DEED RECORDS, DENTON COUNTY, TEXAS



INWOOD PLAZA JOINT VENTURE
VOLUME 4233, PAGE 738
D.R.D.C.T.

S88°38'31"E 2705.80'

WOOD FENCE
POST FOUND
FOR CORNER

MAHARD EGG FARM, INC.
VOLUME 540, PAGE 79
D.R.D.C.T.

N00°36'08"E 1051.87'
FIELDS ROAD

N01°31'29"E
691.91'

N16°58'31"W
100.32'

N26°25'31"W
197.58'

MAHARD EGG FARM, INC.
VOLUME 1618, PAGE 329
D.R.D.C.T.

N01°12'31"W 1802.85'
FIELDS ROAD

POINT OF
BEGINNING

RAILROAD SPIKE
FOUND FOR
CORNER

227.76 ACRES

S0119°49"W 2416.79'

S0110°13"W 1330.12'

1-3/4"IPF

1/2"IRF

1/2"IRF

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EXHIBIT "A"

BEING a tract of land located in the LOUISA NETHERLY SURVEY, ABSTRACT NO.962, Denton County, Texas and being a part of a tract of land described in Deed to Jim P. Love, recorded in Volume 323, Page 633, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a railroad spike found at the intersection of Fish Trap Road with Fields Road, said point being the Southeast corner of a tract of land described in Deed to Mahard Egg Farm, Inc., recorded in Volume 1618, Page 329, Deed Records, Denton County, Texas;

THENCE Northerly, along the East line of said Mahard Egg Farm tract, the following five (5) courses and distances: North 01 deg. 12 min. 31 sec. West, a distance of 1,802.85 feet to a 1/2 inch iron rod found for corner at or near the center of Fields Road;

THENCE North 26 deg. 25 min. 31 sec. West, a distance of 197.58 feet to a 1/2 inch iron rod found for corner at or near the center of Fields Road;

THENCE North 16 deg. 58 min. 31 sec. West, a distance of 100.32 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DAA" set for corner at or near the center of Fields Road;

THENCE North 01 deg. 31 min. 29 sec. East, a distance of 691.91 feet to a 1/2 inch iron rod found for corner at or near the center of Fields Road, said point being the Northeast corner of said Mahard Egg Farm tract (Vol. 1618) and the Southeast corner of a tract of land described in Deed to Mahard Egg Farm, Inc., recorded in Volume 540, Page 79, Deed Records, Denton County, Texas;

THENCE North 00 deg. 36 min. 08 sec. East, a distance of 1,051.67 feet to a 3/8 inch iron rod found at the Northwest corner of said Love tract and the most Westerly Southwest corner of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738, Deed Records, Denton County, Texas;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 2,705.80 feet to a wood fence post found at the Northeast corner of said Love tract and an inner ell corner of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738, Deed Records, Denton County, Texas;

THENCE South 01 deg. 19 min. 49 sec. West, a distance of 2,416.79 feet to a 1/2 inch iron rod found for corner at or near the center of Harper Road at the most Southerly Southwest corner of said Inwood Plaza Joint Venture tract;

THENCE South 01 deg. 10 min. 13 sec. West, a distance of 1,333.12 feet to a 1-3/4 inch iron pipe found for corner at or near the center of said Fish Trap Road;


THENCE South 89 deg. 52 min. 26 sec. West, a distance of 2,495.92 feet to a point for corner at the POINT OF BEGINNING and containing 9,895,767 square feet or 227.176 acres of land.

Exhibit A

Description of 227-Acre Love Tract

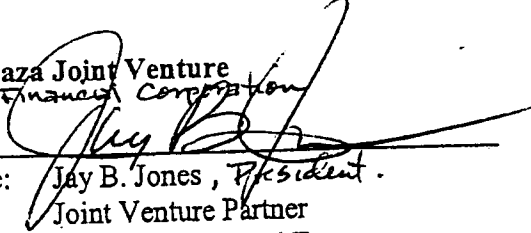
Sealed Bid DFW, L.P.

By: **Bellaire Oaks, Inc.**
General Partner

By: 
Name: Phillip W. Huffines
Title: Vice President
Address: 8222 Douglas Avenue
Suite 660
Dallas, Texas 75225
FAX: 214/750-5900
E-Mail: pwh@huffinescommunities.com
Date: 5-7-03

Inwood Plaza Joint Venture

By: ~~1753 Financial Corporation~~

By: 
Name: Jay B. Jones, President.
Title: Joint Venture Partner
Address: 2000 North Central Expressway
Suite 200
Plano, Texas 75074
FAX: 972/423-0317
E-Mail: aej1@airmail.net
Date: May 21, 2003

**Denton County Fresh Water Supply
District No. 10**

By: *Nancy Heintel*
Name: Nancy Heintel
Title: President
Address: c/o Law Offices of Clay E. Crawford
4265 San Felipe, Suite 1050
Houston, Texas 77027
FAX: 713/621-3909
E-Mail: cccrawford@crawlaw.net
Date: 5-15-03

Binary Investments, Inc.

By: *Phillip W. Huffines*
Name: Phillip W. Huffines
Title: President
Address: 8222 Douglas Avenue
Suite 660
Dallas, Texas 75225
FAX: 214/750-5900
E-Mail: pwh@huffinescommunities.com
Date: 5-7-03

Huffines Communities, Inc.

By: *Phillip W. Huffines*
Name: Phillip W. Huffines
Title: Vice President
Address: 8222 Douglas Avenue
Suite 660
Dallas, Texas 75225
FAX: 214/750-5900
E-Mail: pwh@huffinescommunities.com
Date: 5-7-03

party (the "second party"), the first party shall provide written certification to the second party within the same time period required of the second party.

35. The parties to this Agreement acknowledge and agree that none of this Agreement or any memorandum, summary or other reference to this Agreement shall be filed in the deed records of Denton County, Texas or in any other governmental records. The parties further acknowledge and agree that this Agreement is a personal contract that does not "run with the land" and that no purchaser of any land within the District or the Development Area shall take title subject to this Agreement or subject to the assumption by such purchaser of any rights, duties or obligations of the parties under this Agreement except to the extent that some or all of the rights, duties or obligations under this Agreement are specifically set forth in the acquisition contract with such purchaser. Each party to this Agreement further agrees to provide, upon written request from any such purchaser or other entity acting on behalf of such purchaser (including, but not limited to, title companies and lenders), written certification (in a form reasonably requested by the requesting purchaser or entity) that none of this Agreement or any memorandum, summary or other reference to this Agreement has been filed of record by or on behalf of the certifying party and that such purchaser does not take title subject to this Agreement or to the assumption by such purchaser of any rights, duties or obligations of the parties under this Agreement except to the extent that some or all of the rights, duties or obligations under this Agreement are specifically set forth in any acquisition contract with such purchaser. Notwithstanding the foregoing, however, nothing in this Section 35 or elsewhere in this Agreement shall affect the enforceability of the easements and other restrictions that are filed of record pursuant to the requirements of this Agreement, and all such separately recorded easements and restrictions shall be binding upon all purchasers of land burdened by such separately recorded easements and restrictions in accordance with the terms and conditions of such separately recorded easements and restrictions. Notwithstanding anything herein to the contrary, paragraphs 5, 11, 12, 15, 16, 17, 18, 20, and 21 shall be restrictions that "run with the land" and filed of record in the deed records of Denton County, Texas within five (5) days of the execution of this Agreement. All written certifications pursuant to this Section 35 shall be provided within 10 days after a written request for the certification has been given.

36. The execution of this Agreement has been duly authorized by each of the parties.

The Town of Prosper, Texas

By: 

Name: Jim Dunmire

Title: Mayor

Address: 113 W. Broadway

P. O. Box 307

Prosper, Texas 75078

FAX: 972/347-2111

E-Mail: jennifer_finley@prospertx.org

Date: 05/06/03

31. Each party to this Agreement paying for the performance of governmental functions or services must make such payments from current revenues available to the paying party.

32. This Agreement may be executed in multiple copies, each of which shall be deemed to be an original copy. Copies may be submitted in any TCEQ proceeding involving the subject matter of this Agreement to evidence the agreement of the parties.

33. Except as otherwise provided in this Section 33, no party shall be in default under this Agreement until notice of the alleged failure of such party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure, but in no event less than 30 days after written notice of the alleged failure has been given). In addition, no party shall be in default under this Agreement if within the applicable cure period the party to whom notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured. Notwithstanding the foregoing, however, the failure of the parties to perform their obligations under Section 22 of this Agreement (i.e., the obligation to provide notices of meetings, agendas and minutes) shall not constitute a default until notice of the failure has been given during normal business hours and the failure has not been cured within six hours after receipt of the notice. Any notice of any alleged failure to perform under this Agreement shall be in writing and shall be deemed given on the earlier to occur of (a) five business days after deposited in the U.S. Mail, Certified Mail, Return Receipt Requested, (b) when delivered by commercial delivery service (e.g., FedEx or UPS) as evidenced by a signed receipt from such delivery service, (c) in the case of notices, agendas or minutes required by Section 22 of this Agreement, when posted on an official internet web site of the District or Prosper, and (d) otherwise when actually received by the party to whom the notice is sent, including receipt by FAX or E-mail. For purposes of this Agreement, notice shall be sent to the individuals who executed this Agreement at the addresses set forth on the signature pages of this Agreement.

34. Each party to this Agreement agrees to provide, upon written request from any other party, written certification to the requesting party that the certifying party does not have actual knowledge of any fact or circumstance, or have reason to believe (without any duty of inquiry) that any fact or circumstance exists, that with the giving of notice or the passage of time would constitute a default by any party to this Agreement; or if the certifying party has actual knowledge of any such fact or circumstance or has reason to believe (without any duty of inquiry) that such a fact or circumstance exists, then such written certification to the requesting party shall set forth a detailed description of the event or circumstance, or reasons giving rise to the belief (without any duty of inquiry) that such an event or circumstance exists, that with the giving of notice or passage of time would constitute a default by any party to this Agreement. All written certifications pursuant to this Section 34 shall be provided within 10 days after a written request for the certification has been given; provided, however, if the party making a written request pursuant to this paragraph (the "first party") receives, within five (5) days of making the written request, a written request for certification as provided above from any other

contemporaneous agreements or understandings shall be valid or binding upon the parties—hereto. Notwithstanding the foregoing, however, this Agreement shall not affect in any way the terms, provisions and enforceability of that certain "Agreement for the Reduction of the Extraterritorial Jurisdiction of the Town of Prosper, Texas" dated March 5, 2002 among Prosper, the District and Valerian Properties Associates, L.P.

24. This Agreement shall be binding upon the permitted successors and assigns of the parties hereto. Huffines, Inwood, Sealed Bid, Binary and Inwood shall have the right to assign this Agreement or any of their respective rights and obligations under this Agreement without the consent of, but with notice to, the other parties to this Agreement. The District shall have the right to assign this Agreement or any of its rights and obligations under this Agreement to any Separate District without the consent of, but with notice to, the other parties to this Agreement. Prosper may not assign this Agreement or any of its respective rights and obligations under this Agreement without the consent of all parties to this Agreement.

25. This Agreement may be amended only with the written consent of Prosper, the District, Huffines, Sealed Bid, Binary and Inwood.

26. In the event any provision of this Agreement shall be determined by a court to be invalid or unenforceable for any reason, such invalid or unenforceable provision shall be deleted from this Agreement, and the remaining provisions of this Agreement shall be interpreted and enforced to give effect to the intent of this Agreement as if such invalid or unenforceable provision had never been contained herein.

27. Wherever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

28. This Agreement is performable in Denton County, Texas. Prior to the commencement of litigation, the parties agree to submit any dispute arising hereunder not resolved by mutual agreement to non-binding mediation before an impartial third party ("Mediator"). The Mediator shall be selected by agreement of the parties or by court order absent such agreement. The parties agree that this Agreement may be enforced by specific performance as well as any other remedy available at law or in equity. Venue over any cause of action arising from this Agreement shall lie in the courts of Denton County, Texas and shall be subject to and interpreted by the laws of the State of Texas.

29. All easements, dedications and other conveyances to Prosper required by this Agreement will not be subject to any liens, or if subject to liens, the lender(s) shall have provided a nondisturbance or subordination agreement in favor of Prosper. In addition, all easements, dedications and other conveyances to Prosper required by this Agreement will be free and clear of any and all encumbrances, except as authorized by this Agreement.

30. There are no third party beneficiaries of this Agreement not expressly named herein, and none are intended.

18. The Developers agree that the Development Area will be developed in conformance with the development standards set forth on the attached Exhibit I (the "Development Standards"). The Development Standards shall be recorded in the deed records of Denton County as restrictions that "run with the land", and upon recordation, a copy of such restrictions shall be provided to Prosper. Such restrictions shall provide that they are for the benefit of and may be enforced by Prosper. The restrictions may be amended with the consent of Huffines, Prosper and the owner of the land affected by the amendment.

19. Prosper agrees that in connection with development within the District, Prosper will cooperate with Huffines to allow the erection of a freestanding sign (with a maximum effective area of 400 square feet) along U.S. Highway 380. The location of the sign shall be determined by Huffines. The content of such sign would be limited to advertising directly related to development occurring within the District, such as the names and logos of residential subdivisions and builders. Advertising of name brand products for sale would be prohibited. Such sign would be removed within six months after certificates of occupancy have been issued for 90% of single-family residential development within the District.

20. Prosper shall have the right, at its cost and expense, to inspect the construction of all water and wastewater improvements within the Development Area, and the Developers agree that Prosper shall have a right of entry over and across the Development Area to the extent reasonably necessary to conduct such inspections and to perform any other obligations of Prosper under this Agreement.

21. Upon the completion and dedication of Fields Road and Fish Trap Road to Denton County, the Developers agree to dedicate or cause to be dedicated, at no cost or expense to Prosper or Denton County, right-of-way within the Development Area as provided in this section. Such dedication shall include up to 50 feet of right-of-way for the widening of Fields Road (40 feet on the east side to be dedicated to Prosper or Denton County, as appropriate, and an additional 10 feet to be dedicated to Prosper or Denton County, as appropriate) and up to 50 feet of right-of-way to be dedicated to Prosper or Denton County, as appropriate, for the widening of the north side of Fish Trap Road.

22. The District and Prosper agree to provide to each other copies of their respective open meetings notices, agendas, and minutes for all meetings of their respective governing bodies (and of any other meetings to which the Texas Open Meetings Act applies). Such copies may be provided by FAX or E-mail or by the posting of such notices, agendas or minutes on an official internet web site of the District or Prosper. Copies of open meeting notices and meeting agendas shall be provided no later than 48 hours before the meetings to which the notices and agendas apply. Copies of meeting minutes will be provided within 48 hours after they are approved by the respective governing bodies (or by the other meeting attendees).

23. This Agreement supersedes any and all other prior or contemporaneous agreements or understandings, whether oral or in writing, among the parties hereto with respect to the subject matter of this Agreement, and none of such prior or

use; provided, however, no use of the Open Space by Prosper shall interfere with the use of the Open Space for the drainage purposes described above.

17. The Developers agree that the Development Area will be developed for the uses depicted on the general location map (the "Location Map") attached hereto as Exhibit H and as restricted by this section. The following additional use restrictions apply:

(a) The Love Tract will be developed for single-family uses (specifically excluding town home, patio homes, and multi-family) and commercial uses only within the areas generally depicted on the Location Map. The commercial area shall be limited to a maximum of five acres, net of streets and easements that are within or adjacent to such area. The commercial uses shall specifically exclude the following main uses (1) sexually oriented businesses; (2) junk yards and salvage yards (including auto salvage); (3) manufacturing; (4) landfills, commercial incinerators, and transfer stations; (5) commercial sales of used construction equipment; (6) wholesale storage and distribution; (7) airport, heliport and helistop; (8) open storage; (9) electric power generating plant; (10) transit center; (11) flea market, indoor or outdoor; (12) pawn shop; (13) body art studio; (14) campground or recreational vehicle park; (14) commercial dry cleaners; (15) gun range, indoor or outdoor; (16) massage therapy, unlicensed; (17) commercial stable; (18) taxidermist; (19) drive-in theatre; (20) outside auto parts sales; (21) automobile storage; (22) commercial truck and bus repair; (23) truck terminal; (24) heavy truck sales; (25) recreational vehicle sales and service, new and used; (26) veterinary clinics with outside kennels; (27) trailer rentals with outside storage; (28) patio homes; (29) town homes; and (30) multi-family. Commercial uses of the property are intended to include retail and light-intensity commercial uses primarily intended to serve and complement residential development within the Development Area. The commercial area may also be used for single-family uses in accordance with the Development Standards (as hereinafter defined) set forth in this Agreement.

(b) The Developers agree that the Jones Tract will be developed for single-family uses only (specifically excluding town home, patio homes, and multi-family) within the area generally depicted on the Location Map.

(c) The Developers agree that the Multi-Family Tract will be developed for multi-family uses only within the area generally depicted on the Location Map. The maximum density shall be 20 units per gross acre, and the total number of units shall not exceed 600.

The use restrictions set forth in Subsections (a), (b) and (c) above shall be designated as such in the deed records of Denton County as restrictions that "run with the land", and upon recordation, a copy of such restrictions shall be provided to Prosper. Such restrictions shall provide that they are for the benefit of Prosper and may be enforced by Prosper. The restrictions may be amended with the consent of Huffines, Prosper and the owner of the land affected by the amendment.

14. Prosper acknowledges and agrees that it shall not annex any portion of the District or any Separate District until and unless either (1) all developers providing for the construction of water, wastewater, drainage and road improvements within the District or Separate District have been fully reimbursed for all eligible expenditures from bonds issued by the District or Separate District or (2) Prosper has paid in cash to such developers a sum equal to all actual costs and expenses incurred by such developers in connection with the District or Separate District that such District or Separate District has, in writing, agreed to pay and that would otherwise have been eligible for reimbursement from bond proceeds of the District or Separate District under the rules and requirements of TCEQ as such rules and requirements exist on the date of annexation. In addition, upon any annexation of the District or any Separate District, Prosper shall succeed to the powers, duties, assets, and obligations of the District or Separate District, shall take over all the property and other assets of the District or Separate District, and shall assume all the debts, liabilities and obligations of the District or Separate District including, but not limited to, all liabilities and obligations of the District or Separate District to continue to reimburse developers (pursuant to reimbursement agreements in place at the time of any such annexation and limited to costs and expenses that will be eligible for reimbursement from bond proceeds of the District or Separate District under the rules and requirements of TCEQ as such rules and requirements exist on the date of annexation) with respect to water, wastewater, drainage, and road improvements constructed by such developers from and after the effective date of any such annexation.

15. Concurrently with the full execution of this Agreement, the Developers will grant or cause to be granted to Prosper, at no cost to Prosper, a 60-foot wide non-exclusive easement for the sole purposes of locating underground public utilities and a grade-level pedestrian hike and bike trail within the Development Area. Reasonable uses of the surface will be retained by the grantor of the easement; however, such retained uses shall not interfere with the purposes for which the easement is granted. The form of the easement is attached herewith as Exhibit F.

16. The Developer agrees to establish or cause to be established within the Development Area approximately 32.9 acres of open space as generally depicted on the attached Exhibit G ("Open Space"). The Open Space is located within floodplain areas and will be used for drainage purposes (including grading and the construction of detention and retention facilities as well as other drainage improvements) as necessary for development of the Development Area. The Open Space will also be used for recreational purposes, such as parks, playgrounds, and athletic fields, so long as such recreational uses do not interfere with its use for drainage purposes. All Open Space shall be designated as such in the deed records of Denton County as restrictions that "run with the land", and upon recordation, a copy of such restrictions shall be provided to Prosper. All Open Space restrictions shall provide that they are for the benefit of Prosper and may be enforced by Prosper. The restrictions may be amended with the consent of Huffines and Prosper. Prosper shall have the right, subject to reasonable use restrictions established by the District, a Separate District or applicable homeowner associations, to connect future public trails of Prosper to the pedestrian and hike and bike trails located within the Open Space at such time as Prosper's trails are completed and available for

9. Prosper acknowledges and agrees to the inclusion of the Jones Tract and the Multi-Family Tract within the District from time to time as determined by the District. None of Prosper or any person or entity under its direction or control shall oppose or otherwise take any action adverse to the inclusion of the Jones Tract and the Multi-Family Tract within the boundaries of the District. The acknowledgement and agreement of Prosper as set forth in this section shall continue, and shall constitute the consent of Prosper to such inclusions, in the event all or any part of the Jones Tract or Multi-Family Tract is in the future included within Prosper's extraterritorial jurisdiction.

10. Prosper acknowledges and agrees to future divisions of the District, from time to time as determined by the District, to create two or more separate fresh water supply districts (the "Separate Districts"). The District agrees, however, that within the restricted area depicted on the attached Exhibit E (the "Restricted Area") the total land within the District and all Separate Districts shall not extend beyond the boundaries of the Development Area. The acknowledgement and agreement of Prosper as set forth in this section shall continue, and shall constitute the consent of Prosper to such Separate Districts within the Development Area only, in the event all or any part of the District or any of the Separate Districts is in the future included within Prosper's extraterritorial jurisdiction.

11. The District agrees that within the Restricted Area the District will not extend its certificated area for water or wastewater service beyond the boundaries of the Development Area without the prior written consent of Prosper.

12. The Developers agree that without the prior written consent of Prosper none of them, or any person or entity under their direction or control, will seek to create within the Restricted Area any (a) new special districts (other than the Separate Districts) or (b) other new political subdivisions with the authority to issue bonds secured either by ad valorem taxes or special assessments upon real property within their respective boundaries.

13. Subsequent to the execution of this Agreement, Prosper and the District or Separate Districts will use reasonable efforts to enter into a mutually agreeable interlocal agreement for the provision by Prosper of fire, police, and emergency medical services within the Love Tract. In the event the Jones Tract or the Multi-Family Tract or both are included within the District or a Separate District, then Prosper and the District or such Separate District will include the Jones Tract or the Multi-Family Tract or both within the area covered by such interlocal agreement. To the extent necessary for Prosper to perform its obligations under such interlocal agreement, Prosper and the District or Separate District will jointly petition the Denton County Commissioners Court to release all area covered by such interlocal agreement Area from the service area of the City of Aubrey. If, however, notwithstanding the exercise of reasonable efforts Prosper and the District are unable to agree upon the terms of such interlocal agreement, such inability to agree shall not constitute a breach of this Agreement, and the remainder of this Agreement shall remain in full force and effect.

4. Except as provided herein, the parties to this Agreement shall cooperate with respect to the identification, acquisition, and use of easements or other rights-of-way required by the District and Prosper to provide timely water and wastewater service in accordance with this Agreement. Nothing in this Agreement shall, however, require any party to dedicate or otherwise provide such easements or right-of-way without compensation.

5. The area within the Restricted Area (as hereinafter defined) that is reserved for water and wastewater certification by the District shall be the Love Tract, the Jones Tract and the Multi-Family Tract only (such three tracts hereinafter collectively called the "Development Area"). An illustration of the Development Area is attached herewith as Exhibit D.

6. Prosper acknowledges and agrees that no portion of the District or the Development Area is currently located within its extraterritorial jurisdictions or is included within its municipal annexation plan, as such terms are defined by the Texas Local Government Code. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not affect the Town's authority or ability to extend its extraterritorial jurisdiction or annex property in accordance with state law and in accordance with Section 14 of this Agreement.

7. Prosper acknowledges and agrees that Denton County shall have exclusive jurisdiction over all subdivision and permit approvals within the District and the Development Area and that such exclusive jurisdiction shall continue even if all or any portion of the District or the Development Area is at any time in the future included within the extraterritorial jurisdiction of Prosper. Prosper will take such action as may be necessary to enter into or amend its existing interlocal agreement with Denton County to establish and continue such exclusive jurisdiction in favor of Denton County. Prosper further agrees that such interlocal agreement with Denton County, once entered into or amended to provide such exclusive jurisdiction in favor of Denton County, shall not be further amended with respect to such exclusive jurisdiction without the prior written consent of the District and each Separate District (as defined below). Notwithstanding anything to the contrary in this Agreement, this Agreement shall not affect the Town's jurisdiction over subdivision and permit approvals for any portion of the Development Area that may in the future be annexed into the corporate limits of the Town. In the event any portion of the Development Area is in the future annexed into the corporate limits of the Town, jurisdiction over subdivision and permit approvals shall be exercised by the Town in accordance with the standards of the Town that are applicable at the time of such annexation; subject, however, to the vested development rights provided by law, if any, that are applicable to the property.

8. Prosper acknowledges and agrees that the Love Tract is currently located within the boundaries of the District and that none of Prosper (or any person or entity under its direction or control) shall oppose or otherwise take any action adverse to the Love Tract being within the boundaries of the District. Nothing in this section shall be interpreted to prevent Prosper from exercising its annexation rights in accordance with Section 14 of this Agreement.

functions and services this Agreement is intended to be an agreement entered into pursuant to and under the authority of the Code; and

WHEREAS, Sealed Bid is the owner of approximately 227 acres of real property located in Denton County, Texas and more particularly described on the attached Exhibit A (the "Love Tract"); and

WHEREAS, Inwood is the owner of two tracts of land in Denton County, Texas; the first containing approximately 220 acres more particularly described on the attached Exhibit B (the "Jones Tract") and the second containing approximately 30 acres more particularly described on the attached Exhibit C (the "Multi-Family Tract"); and

WHEREAS, Huffines, Binary, Sealed Bid, and Inwood and their respective controlled affiliates are sometimes hereinafter collectively referred to as the "Developers."

NOW THEREFORE, in consideration of the mutual covenants of the parties as set forth in this Agreement and for other good and valuable consideration the receipt and adequacy of which are acknowledged, and pursuant to the authority of the Code, the parties agree as follows:

1. The District and Developers shall withdraw their protests to the Prosper Application and shall file written statements with TCEQ in support of the Prosper Application after the Prosper Application has been amended, as necessary, to remove all territory to be reserved for certification to the District. Thereafter, it shall be Prosper's burden to support the Prosper Application under the relevant statutes and regulations applicable to CCNs. None of the District or Developers or any person or entity under their direction or control shall take any action to oppose or discredit in any way the Prosper Application or Prosper's ability to provide timely water and wastewater service to the public in a lawful manner.
2. None of Huffines, Binary, Sealed Bid or Inwood or any person or entity under their direction or control shall take any action to oppose or discredit in any way the Prosper Application or Prosper's ability to provide timely water and wastewater service to the public in a lawful manner.
3. Prosper shall withdraw its protest to the District Application and file a written statement with TCEQ in support of the District Application after the District Application has been amended to remove all territory to be reserved for certification to Prosper. Thereafter, it shall be the District's burden to support the District Application under the relevant statutes and regulations applicable to CCNs. None of Prosper or any person or entity under its direction or control shall take any action to oppose or discredit in any way the District Application or, except in the event of an annexation by Prosper in accordance with the requirements of Section 15 of this Agreement, the District's ability to provide timely water or wastewater service to the public in a lawful manner within the area described in the District Application upon the date of execution of this Agreement.

AGREEMENT

This Agreement (the "Agreement") is entered into among the Town of Prosper, Texas ("Prosper"), the Denton County Fresh Water Supply District No. 10 (the "District"), Huffines Communities, Inc. ("Huffines"), Binary Investments, Inc. ("Binary"), Sealed Bid DFW, L.P. ("Sealed Bid"), and Inwood Plaza Joint Venture ("Inwood") to be effective on the date last executed by all such parties.

WHEREAS, Prosper has pending before the Texas Commission on Environmental Quality ("TCEQ") Application No. 34023-C and Application No. 34004-C seeking to amend Prosper's CCN for water and wastewater service in Denton County, Texas and an application seeking to amend Prosper's TPDES No. 10090-001 (collectively, the "Prosper Application"); and

WHEREAS, the District has pending before TCEQ Application No. 34068-C and Application No. 34069-C seeking to amend the District's CCN for water and wastewater service in Denton County, Texas (collectively, the "District Application"); and

WHEREAS, Prosper is a Type A general law municipality with fewer than 5,000 inhabitants and is a political subdivision of the State of Texas; and

WHEREAS, the District is a fresh water supply district and political subdivision of the State of Texas created under Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, as of the effective date of this Agreement, the boundaries of the District within the Restricted Area (as hereinafter defined) includes only the Love Tract (as hereinafter defined); and

WHEREAS, the Prosper Application and the District Application pending before TCEQ are in conflict and have created the potential for litigation among the parties to this Agreement; and

WHEREAS, the parties to this Agreement desire to settle such conflicting applications and to avoid litigation concerning such applications; and

WHEREAS, pursuant to the authority of Article III, Section 64(b) of the Texas Constitution and Chapter 791 of the Texas Government Code (the "Code"), Prosper and the District are local governments that have the authority to contract and agree to perform governmental functions and services that each of them is authorized to perform individually; and

WHEREAS, the parties hereto agree that certain of the purposes, terms, rights, and duties of Prosper and the District under this Agreement include governmental functions and services within the meaning of the Code, and that with respect to such governmental