

ANNEXATION AGREEMENT

This Annexation Agreement (the "Agreement") is made effective the 9th day of April, 1997, by and between OLDE OAKS COMMUNITY IMPROVEMENT ASSOCIATION, INC., a Texas non-profit corporation (the "Association") WATERFORD PARTNERS, LTD., a Texas limited partnership (the "Developer").

RECITALS

A. Developer is the owner of certain property described as follows (the "Property"):

All of Olde Oaks, Section Five (5), a subdivision in Harris County, Texas according to the map or plat thereof, recorded in Volume 308, Page 101 of the Harris County Map Records.

B. A portion of the Property will be replatted as Waterford Park, Section One and another portion will be further replatted as Waterford Park, Section Two (collectively referred to as the "Subdivision").

C. The Association currently has jurisdiction over various subdivisions known as Olde Oaks, Sections One, Two, Three, Four and Six consisting of approximately 1,542 Lots.

D. Developer and the Association are desirous of annexing the Subdivision into the jurisdiction of the Association and to provide for the maintenance of certain common property.

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Association and the Developer hereby agree, as follows:

1. **Annexation.** The Association caused a meeting of the members of the Association to be held for the purpose of annexing the Subdivision into the jurisdiction of the Association. The Board of Directors supported the annexation of the Subdivision and through the Association obtained the approval of the members of the Association.

2. **Common Property.** The plat of the Subdivision identifies certain portions as Reserves which are intended to be common property for the use and benefit of the members of the Association (the "Common Property"), except for Reserve "C" in the Waterford Park, Section One plat ("Reserve "C"). It is anticipated that Reserve "C" will be conveyed by Developer to the Northwest Harris County Municipal

Utility District No. 20 (the "MUD"). Within thirty (30) days following Developer's written notice of intent to convey the Common Property to the Association, the Association will accept title through a Special Warranty Deed in the form attached hereto as Exhibit "A". The Association will maintain the Common Property beginning with the date of the conveyance from Developer to the Association. The Association will maintain Reserve "C" in a manner consistent with the Common Property beginning with the date of the conveyance from Developer to the MUD, unless the MUD agrees to maintain Reserve "C" in a manner consistent with the Common Property.

3. **Declaration.** The Property shall be subject to the Declaration of Covenants and Restrictions for Waterford Park which is attached hereto as Exhibit "A" and is incorporated herein for all purposes (the "Declaration"). Developer agrees to have the Declaration duly and properly recorded with the County Clerk's Office as a condition of this Annexation Agreement. Except as specifically set forth in the Declaration, the Declaration cannot be changed or altered in any manner after execution of the Annexation Agreement without the written consent of the Association. In the event that Waterford Park is replatted as Section One and Section Two, then the Declaration shall apply unless Developer and the Association otherwise agree in writing.

4. **Notices.** Any notice, demand, or other communication required to be given or to be served upon any party hereunder shall be in writing and delivered to the person to whom the notice is directed, either: (i) in person; (ii) by United States Mail, as a registered or certified item with return receipt requested; or (iii) delivered by a delivery service (including any express mail) that provides a delivery receipt. Notices, demands, or other communications delivered by mail shall be deemed given and received three (3) business days after being deposited in a post office or other depository under the care or custody of the United States Postal Service, enclosed in a wrapper, addressed properly, with proper postage affixed. Any notice, demand, or other communication given other than by certified or registered mail, return receipt requested, shall be deemed to have been given and received when delivered to the address of the party to whom it is addressed as stated below:

Developer:	Gerald W. Noteboom Perry Homes P. O. Box 34306 Houston, TX 77234 <u>Or for Hand Delivery</u> 9000 Gulf Freeway Third Floor Houston, TX 77017 Telephone: 713-947-1750 Telecopier: 713-947-8173
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With a copy to: John R. Krugh
Perry Homes
P. O. Box 34306
Houston, TX 77234
Or for Hand Delivery
9000 Gulf Freeway
Third Floor
Houston, TX 77017

The Association: c/o Chaparral Management Company, Inc.
P.O. Pox 681107
Houston, Texas 77268-1007
Or for Hand Delivery
3303 FM 1960 West, Suite 290
Houston, Texas 77068
Telephone: 713-537-0957
Telecopier: 713-537-0312

With Copy To: Everett E. Hartnett
Two Chasewood Park
20405 State Highway 249, Suite 225
Houston, Texas 77070
Telephone: 713-370-7799
Telecopier: 713-370-0312

Either party hereto may change its address for notice by giving the other party five days advance written notice of such change of address.

5. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and assigns. This Agreement may not be assigned by either party without the prior written consent of the non-assigning party, which will not be unreasonably withheld.

6. **Interpretation and Applicable Law.** THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN THE COUNTY IN WHICH THE LAND IS LOCATED. Where required for proper interpretation, words in the singular shall include the plural; and words of any gender shall include all genders. The descriptive headings of the articles, sections and paragraphs in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

7. **Multiple Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

8. **Construction.** The parties acknowledge that they have had the opportunity to be represented by counsel in connection with this transaction and that this Agreement shall be interpreted according to its fair construction and shall not be construed against either party.

9. **Invalidity.** If any provision in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

10. **Further Assurances.** In addition to the acts recited herein to be performed, the parties agree to perform such further acts as may reasonably be required to: (i) evidence the priority of payments described above; and (ii) consummate the transaction contemplated hereunder.

11. **Time is of the Essence; Waiver.** Time is of the essence with respect to every provision of this Agreement. No waiver by either party of any of its rights or remedies hereunder or otherwise shall be considered a waiver of any other subsequent right or remedy. Except as expressly provided herein, no waiver by either party of any of its rights or remedies hereunder or otherwise shall be effective unless such waiver is evidenced in a written instrument executed by the waiving party.

THE ASSOCIATION

OLDE OAKS COMMUNITY
IMPROVEMENT ASSOCIATION, INC.

By: George B. Larkin, Jr.
Name: George B. Larkin, Jr.
Title: President
Olde Oaks CIA

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DEVELOPER

WATERFORD PARTNERS LTD.
a Texas limited partnership

BY: Perry Builders, Inc.
Sole General Partner

By: Gerald W. Noteboom
Gerald W. Noteboom
Executive Vice President