

AMENDMENT TO DEVELOPMENT AGREEMENT

This Amendment to Development Agreement (this "**Amendment**") is made the Effective Date set forth below by and between WILLIAMSON COUNTY, a political subdivision of the State of Texas ("**County**") and HIGHLAND SIX TWENTY RESIDENTIAL, LTD., a Texas limited partnership ("**Developer**").

RECITALS:

A. County and Developer entered into that certain Development Agreement dated July 17, 2007, providing for the construction of certain improvements to FM 620 and the extension of Great Oaks Drive through the HIGHLAND HORIZON SUBDIVISION as more particularly described in the Development Agreement.

B. Among other provisions of the Development Agreement, County agreed to be responsible for the construction of the extension of Great Oaks Drive from the initial portion to be constructed by Developer to the right-of-way of O'Connor Boulevard.

C. County and Developer have agreed that Developer shall cause the extension of Great Oaks Boulevard to be completed, subject to County reimbursing the costs incurred by Developer in completing such extension, and County and Developer desire to amend and modify the terms and provisions of the Development Agreement with respect to such agreements for the construction of the extension of Great Oaks Drive as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements for the parties set forth herein, as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Developer agree as follows:

1. All capitalized terms used herein but not defined shall have the meanings assigned to them in the Development Agreement.

2. It is confirmed, acknowledged and agreed that in accordance with the provisions of the Development Agreement, Developer has dedicated all of the right-of-way necessary for the construction of the extension of the Great Oaks Project through the Property from FM 620 to the future right-of-way for O'Connor Boulevard; Developer has constructed the initial portion of the Great Oaks Project to the area just south of Meridan Drive; and County has accepted such dedication and such initial portion of the Great Oaks Project.

3. County confirms that Developer, at Developer's sole cost and expense, has caused plans for the Great Oaks Extension as more particularly described on Exhibit A attached hereto (the "**Great Oak Extension Plans**") from the termination of the initial portion of the Great Oaks Project to be prepared by H.D. Roye, P.E. dba HD Engineering

(the "**Project Engineer**") and County has approved the Plans as complying with all applicable County requirements and is ready to issue all necessary permits and approvals for the construction of the extension of the Great Oaks Project in accordance with the Plans. County further confirms, acknowledges and agrees that Developer, at Developer's sole cost and expense, has obtained approval by the Texas Commission on Environmental Quality ("**TCEQ**") of a Water Pollution Abatement Plan (the "**WPAP**") required for the construction of the extension of the Great Oaks Project as reflected in the Plans.

4. County and Developer confirm and acknowledge that the County has commenced the construction of O'Connor Boulevard, and in connection with the construction of O'Connor Boulevard, County and Developer have this date entered into a Possession and Use Agreement providing for the conveyance of certain right-of-way by Development and the deposit by the County of the sum of \$478,800.00 (the "**Escrow Funds**") with Gracy Title Company, Inc. (the "**Escrow Agent**") to be held and disbursed by the Escrow Agent for the construction of the extension of the Great Oaks Project as provided in this Amendment and in accordance with the provisions of an Escrow Agreement to be executed by County, Developer and the Escrow Agent in the form attached hereto as **Exhibit B** (the "**Escrow Agreement**").

5. As promptly as reasonably practicable after the date of the deposit of the Escrow Funds with the Escrow Agent, County shall issue the permits and approvals required by the County for the construction of the extension of the Great Oaks Project and upon receipt of such permits, Developer shall cause the Project Engineer to publicly advertise and obtain bids for the construction of the extension of the Great Oaks Project as reflected in the Plans in accordance with the bidding requirements of Sections 252.041-252.0435 of the Texas Local Government Code. Upon receipt of such bids, County and Developer shall jointly review such bids and determine which bid shall be accepted. Promptly after the County and Developer approval of a bid, Developer shall finalize a contract with the successful bidder for the construction of the extension of the Great Oaks Project as reflected in the Plans for a fixed price or on a cost-plus with guaranteed maximum basis in the amount of the approved bid (the "**Construction Contract**").

6. Among such other terms and conditions as Developer and the successful bidder may mutually agree, the Construction Contract shall (a) provide for progress payments not more frequently than once in any calendar month; (b) shall provide for a amount equal to ten percent (10%) of the amount of each progress payment (the "**Retainage**") to be retained from the general contractor for a period of not less than thirty (30) days after the date of final completion of the construction of the extension of the Great Oaks Project; (c) shall require the contractor to provide payment and performance bonds with respect to the construction and to provide the maintenance bond for the completed extension of the Great Oaks Project in accordance with the policies of County; and (d) shall require County's approvals of any change orders or modifications to the Plans.

7. Within ten (10) days after the approval of the bid for the construction of the extension of the Great Oaks Project, and as a condition for Developer's obligation to enter into the Construction Contract with the successful bidder, County shall deposit the amount, if any, by which the approved bid exceeds the amount of the initial Escrowed Funds. In the event the Great Oaks Project Costs for the extension of the Great Oaks Project as provided in this Amendment exceed the amount deposited by County with the Escrow Agent as a result of change orders approved by the County as provided herein, County shall deposit the amount of such increase with the Escrow Agent to be held and disbursed under the Escrow Agreement as a condition for the effectiveness of such change order. Notwithstanding the foregoing, in no event shall the total amount that the County is required to pay or deposit with the Escrow Agent under this Agreement exceed an aggregate of \$555,000.00.

8. Promptly after the execution of the Construction Contract, County shall issue such permits to the contractor as may be required for the construction of the extension of the Great Oaks Project. County agrees that all permit fees, construction inspection fees or other fees related to the issuance of the permits or otherwise required for the construction and acceptance of the extension of the Great Oaks Project are hereby waived. County further agrees to promptly conduct in a timely and expeditious manner such inspections of the construction as may be required and to cooperate fully with Developer, the Project Engineer and the contractor to obtain completion of the extension of the Great Oaks Project in accordance with the Plans in an efficient and economic manner and to accept the extension of the Great Oaks Project within sixty (60) days after the date of substantial completion.

9. Promptly after the deposit of the Escrow Funds by the County, Developer shall make application with the Williamson County Conservation Foundation for inclusion of the extension of the Great Oaks Project participation in the Williamson County Regional Habitat Conservation Plan (the "RHCP"). Developer shall be responsible for the payment of any fees required for such participation, and in no event shall County be required to pay or contribute the cost of any mitigation that may be required under the RHCP or otherwise with respect to endangered species. If approval of the inclusion of the extension of the Great Oaks Project in the RHCP has not been obtained on terms and conditions acceptable to Developer within six (6) months after the date the application is submitted, Developer may, at its sole option, at any time thereafter and whether or not such participation has been approved, elect to proceed with the construction of the extension of the Great Oaks Project. It is agreed, however, that in the event Developer is prevented by administrative or legal proceedings or actions from commencing or completing the construction of the extension of the Great Oaks Project as the result of alleged violations of the Federal Endangered Species Act, or if Developer has not commenced construction of the extension of the Great Oaks Project within one (1) year after the date of the deposit of the Escrow Funds, the County may, at its sole option, assume the obligation to construct the extension of the Great Oaks Project by giving written notice of such election at any time after the expiration of said 1-year period and prior to the date Developer commences construction of the extension of the Great Oaks Project.

10. County and Developer further agree that Developer shall be granted permission to install and maintain landscaping, lighting, fencing and irrigation within the right-of-way of the extension of the Great Oaks Project by the execution of an amendment to the existing License Agreement dated March 12, 2009, between County and Developer in the form attached hereto as **Exhibit C**, which Amendment to License Agreement shall be executed concurrently with this Amendment, but shall be effective only upon the completion of the extension of the Great Oaks Project.

11. All notices, demands and requests required hereunder shall be in writing and shall be deemed to have been properly delivered and received (i) as of the date of delivery to the addresses set forth below if personally delivered or delivered by facsimile machine, with confirmation of delivery (in the event a facsimile is sent after 5:00 p.m. local Round Rock, Texas time, it shall be deemed to have been received on the next day), or email (as indicated below); (ii) three (3) business days after deposit in a regularly maintained receptacle for the United States mail, certified mail, return receipt requested and postage prepaid; or (iii) one (1) business day after deposit with Federal Express or comparable overnight delivery system for overnight delivery with all costs prepaid. All notices, demands and requests hereunder shall be addressed as follows:

If to County:	With a copy to:
Williamson County Attn: County Judge 710 Main Street, Suite 210 Georgetown, Texas 78726 Facsimile: Email:	Charles Crossfield, Esq. Sheets & Crossfield, P.C. 309 East Main Street Round Rock, Texas 78644 Facsimile: (512) 255-8986 Email: ccrossfield@sheets-crossfield.com
If to Developer:	With a copy to:
Highland Six Twenty Residential, Ltd. 211 E. 7 th Street, Suite 709 Austin, Texas 78701 Attn: David Bodenman Facsimile: (512) 477-2472 Email: davidcb@highlandresources.net	R. Alan Haywood Graves Dougherty Hearon & Moody 401 Congress Avenue, Suite 2200 Austin, Texas 78701 Facsimile: (512) 480-5831 Email: ahaywood@gdhn.com

Any party may designate a change of address by notice to the other parties, given at least fifteen (15) days before such change of address is to become effective. The foregoing notwithstanding, any notice hereunder shall be effective when actually received by the party to whom such notice is being sent.

12. Except as expressly amended and modified by this Amendment, the terms and provisions of the Development Agreement shall continue in full force and effect, and the same are hereby in all respects confirmed, ratified and approved.

13. Miscellaneous.

(a) THIS AMENDMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED BY THE CONTRACT ARE PERFORMABLE IN WILLIAMSON COUNTY, TEXAS.

(b) County represents and warrants to Developer that County is duly authorized and empowered to enter into this Amendment. Developer represents and warrants to County that it has the requisite authority to enter into this Amendment. Each signatory to this Amendment represents and warrants that he or she has the authority to execute this Amendment on behalf of the party for whom such person is signing.

(c) In case anyone or more of the provisions contained in this Amendment 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 of this Amendment, and this Amendment shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Amendment.

(d) This Amendment may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement, but in making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart.

(h) Schedule of Exhibits.

Exhibit A: Description of Plans

Exhibit B: Escrow Agreement

Exhibit C: Amendment to License Agreement

Executed by County and Developer on the dates set forth below their respective signatures below to be effective the date the last party signs (the "Effective Date").

COUNTY:

WILLIAMSON COUNTY

By: 

Dan A. Gattis, County Judge

Dated: March 27, 2011

LTD.

DEVELOPER:

HIGHLAND SIX TWENTY RESIDENTIAL,

By: HRI-GP No. 1, L.L.C., a Texas limited liability
company, General Partner

By: _____
David Bodenman, President

Dated: March _____, 2011