

**HARBORWALK DEVELOPMENT LTD.  
LOT PURCHASE AGREEMENT**

1. **Parties:** Harborwalk Development Ltd. (Seller) agrees to sell and convey to \_\_\_\_\_ (Buyer) and Buyer agrees to buy from Seller the property described below (the Property).

2. **Property:** Lot \_\_\_\_, Block \_\_\_\_\_, Section \_\_\_\_ of Harborwalk, City of Hitchcock, as shown by the recorded plat covering such Lot, recorded or to be recorded in the plat or map records of Galveston County, Texas, subject to easements, restrictions, and matters of record in the County Clerk's office of Galveston County, Texas.

3. **Contract Sales Price:**

A.	Cash Portion of Sales Price Payable by Buyer at Closing	\$
B.	Sum of All Financing Described in Paragraph 4	\$
		_____
C.	Contract Sales Price	\$

4. **Financing:** (Check applicable boxes below)

*ALL CASH:* This is an all cash sale, no third party financing is involved.

*THIRD PARTY FINANCING:* Within seven (7) days after the Effective Date Buyer shall apply for all third party financing and shall make every reasonable effort to obtain financing approval. Financing approval shall be deemed to have been obtained when the lender has determined that Buyer has satisfied all of lender's financial conditions (those items relating to Buyer's ability to qualify for approval of the loan.) If financing approval is not obtained within fourteen (14) days after the Effective Date hereof, this contract shall terminate and the Earnest Money shall be refunded to Buyer. Each note to be executed hereunder shall be secured by vendor's and deed of trust liens.

5. **Trade-In Lot:**

Buyer is not trading in a lot.

As part of the purchase of this lot, Buyer agrees to convey title of Lot \_\_\_\_, Block \_\_\_\_\_, Section \_\_\_\_ of Harborwalk to Seller, free and clear of any liens or encumbrances. Seller agrees to repurchase this lot for the total purchase price of \$\_\_\_\_\_. Seller agrees to pay all closing costs associated with the transfer of the Trade-In lot.

6. **Earnest Money:** \_\_\_\_\_ and \_\_\_\_\_ cents (\$\_\_\_\_\_) is hereby tendered by Buyer and is to be deposited as Earnest Money with South-Land Title Company, 1101-K West Main Street, League City, TX 77573, (281-338-2225), as Escrow Agent, upon execution of the contract by both parties. By receipt for Earnest Money, South-Land Title Company hereby agrees to deposit the Earnest Money in its escrow account and to account for it and prepare reports in accordance with the requirements of the Seller.

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7. **Title Policy:** Seller shall furnish to Buyer, at Seller's expense, an Owner's Policy of Title Insurance (the Title Policy) covering the Property, issued by South-Land Title Company in the amount of the Sales Price, dated as of the Date of Closing, insuring Buyer against loss under the provisions of the Title Policy, subject to those items described in paragraph 15 below.

Within fourteen days of the Effective Date, Seller shall furnish to Buyer a commitment for title insurance (the Commitment) and legible copies of restrictive covenants and documents evidencing exceptions in the Commitment other than the standard printed exceptions. Seller authorizes the Title Company to mail or hand deliver the Commitment and related documents to Buyer at Buyer's address shown below. If the Commitment is not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to fifteen (15) days.

**NOTICE TO BUYER:** AS REQUIRED BY LAW, Seller advises Buyer that Buyer should have an Abstract covering the Property examined by an attorney of Buyer's election, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is to be obtained, Buyer should obtain a Commitment for Title Insurance (the Commitment), which should be examined by an attorney of Buyer's choice at or prior to Closing. If the Property is situated in a Utility District, Chapter 49 of the Texas Water Code requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract. This notice is included in paragraph 28 of this Agreement, and by signing this Agreement Buyer acknowledges receipt of the notice.

8. **Property Condition:** Buyer accepts the Property in its present condition. Seller reserves the right of ingress and egress over, across and upon all tracts in Section \_\_\_\_ until the Section \_\_\_\_ improvements referenced in Paragraph 21 below are completed.
9. **Closing:** The closing of the sale shall be on or before twenty-one (21) days after the Effective Date, or within seven (7) days after any objections to title (raised by Buyer pursuant to paragraph 14 below) have been cured by Seller, whichever is later (the Closing Date). If either party fails to close this sale by the Closing Date, the non-defaulting party will be entitled to exercise the remedies contained in Paragraph 15. At closing Buyer shall deliver to Seller the Contract Sales Price as described in paragraph 3 above. Seller shall deliver at Closing a General Warranty Deed, which is free and clear of liens and encumbrances other than the Permitted Exceptions any vendor's Deed of Trust lien for the unpaid balance of the Contract Sales price.
10. **Possession:** The possession of the Property shall be delivered to Buyer at Closing.
11. **Special Provisions:**
12. **Buyer's Expenses to be Paid in Cash at or Prior to Closing:** Sales Expenses and closing costs may include, but shall not be limited to: escrow fees, preparation of any Real Estate Lien Note, preparation of any Deed of Trust, Mortgagee Title Insurance Policy, recording of any Deed of Trust, loan origination fee, appraisal fees, and other expenses stipulated to be paid under other provisions of this Agreement.

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13. **Prorations and Taxes:** Current taxes and POA assessments, if any, shall be prorated through the Closing Date. If Seller's change in use of the Property prior to Closing or denial or a special use valuation on the Property claimed by Seller results Assessments for periods prior to Closing, the Assessments will be the obligation of Seller.

14. **Title Approval:**

A. The Title Policy shall guarantee Buyer's title to be good and indefeasible subject only to (1) restrictive covenants affecting the Property, (2) any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or any overlapping improvements, (3) taxes for the current and subsequent years and subsequent assessments from prior years due to a change in land usage or ownership, (4) existing building and zoning ordinances, (5) rights or parties in possession, (6) liens created as security for any purchase money note, (7) utility easements common to the platted subdivision of which this Property is a part or otherwise appearing in public records, (8) rules, regulations and orders governing residential subdivisions sanitation and waste disposal as required by Galveston County, Texas and the Texas Natural Resource Conservation Commission or other governmental agency having jurisdiction, (9) reservations or other exceptions as shown on the Title Commitment and as permitted by the terms of this Agreement or agreed to by Buyer, (10) such other Permitted Exceptions attached hereto and made a part hereof for all purposes (which by execution of this Agreement are hereby accepted and approved), and (11) any mineral reservations reflected by the Official Public Records of Galveston County, Texas (items 14.A(1)-(11) being the "Permitted Exceptions").

B. If, upon receipt of the Title Commitment, title objections are raised by Buyer, Seller shall have fifteen (15) days from the date such objections are disclosed to cure the same, and the Closing Date shall be extended according to paragraph 9 above. Zoning ordinances and the Permitted Exceptions permitted in the Deed shall not be valid objections to title. If the title objections are not satisfied by the extended Closing Date, this Contract shall terminate and the Earnest Money shall be refunded to Buyer, unless Buyer elects to waive the unsatisfied objections and complete the purchase.

C. Seller shall at Seller's expense furnish tax statements showing no delinquent taxes and a General Warranty Deed conveying title subject only to the Permitted Exceptions. The Deed shall be on a form acceptable to Seller.

15. **Default:** If Buyer fails to obtain loan approval within fourteen (14) days of the Effective Date either Buyer or Seller may terminate this Agreement and Buyer's Earnest Money will be returned. If Buyer fails to comply herewith, for any reason, Seller may, as its sole remedy, terminate this Agreement and receive the Earnest Money as liquidated damages, thereby releasing both parties from this Contract. If Seller fails to comply for any reason herein, Buyer may, as its sole remedy, terminate this Agreement and receive the Earnest Money, thereby releasing both parties from this Contract.

16. **Dispute Resolution:** All signatories to this Agreement, including the Escrow Agent, agree to negotiate in good faith in an effort to resolve any dispute related to this Agreement that may arise between the parties. Disputes will be submitted to mediation before resorting to litigation. If the need for mediation arises, the parties to the dispute shall choose a mutually acceptable mediator and share the cost of mediation equally. If the parties are unable to agree on a mutually acceptable mediator, each party will submit the name of an acceptable mediator, and these mediators will choose a separate mediator to perform the mediation. The obligations of this paragraph will survive closing. (NOTE: Mediation is a voluntary dispute resolution process in which the parties

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*to the dispute meet with an impartial person, called a mediator, who helps to resolve the dispute informally and confidentially. Mediators facilitate the resolution of disputes but cannot impose binding decisions. The parties to the dispute must agree before any settlement is binding.)*

17. **Attorney's Fees:** Any signatory to this Agreement, including the Escrow Agent, who is the prevailing party in any legal proceeding brought under or with relation to this Agreement or transaction shall be additionally entitled to recover court costs and reasonable attorney fees from the non-prevailing party.
18. **Escrow:** The Earnest Money is deposited with Escrow Agent with the understanding that Escrow Agent (a) is not a party to this Agreement and does not assume or have any liability for performance or non-performance of any signatory, (b) has the right to require from all signatories a written release of liability of the Escrow Agent which authorizes the disbursement of the Earnest Money, (c) is not liable for interest or other charge on the funds held, and (d) is not liable for any losses of escrow funds caused by the failure of any banking institution in which such funds have been deposited unless such banking institution is acting as Escrow Agent. At Closing, the Earnest Money shall be applied first to any cash down payment required, then to Buyer's Closing Costs and any excess refunded to Buyer. Any refund or payment of the Earnest Money under this Agreement shall be reduced by the amount of any actual expenses incurred on behalf of the party receiving the Earnest Money, and Escrow Agent will pay the same to the creditors entitled thereto.
19. **Intrastate Sales Only:** The lots in Harborwalk are being sold solely to the residents of the state of Texas. By the execution hereof, Buyer represents to Seller that it is a resident of such state and acknowledges receipt of an Intrastate Exemption Statement.
20. **On-site Lot Inspection:** The lots in Harborwalk which are sold to individuals are being sold only to individuals who have made a personal on-site inspection of the lot to be purchased prior to signing a contract. By the execution hereof, Buyer acknowledges that either Buyer or Buyer's spouse has made such on-the-lot inspection with a representative of Seller.
21. **Sellers Responsibilities – Roads Utilities and Certain Other Improvements:** Seller will not provide roads, sewer, gas or electric service or recreational facilities except as follows:
  - A. **Roads.** Seller will construct all roads shown on the plat of the subdivision containing the Buyer's lot to City of Hitchcock specifications. Upon completion of the roads in such platted subdivision, Harborwalk Property Owner's Association, Inc. ("Harborwalk Association") will be responsible for all maintenance after the expiration of the contractor's warranty period.
  - B. **Water & Sewer.** Seller will also install or cause to be installed the public water supply and sewer system which will serve each lot. The City of Hitchcock will be responsible for the operation and maintenance of the water and sewer system.
  - C. **Electric, Telephone, and Gas Services.** Electric, telephone, and gas services for the subdivision will be provided by CenterPoint Energy – HL&P Division, SW Bell Telephone Company, and CenterPoint Energy – Entex Division, respectively, and such utility companies will be responsible for the maintenance of their respective equipment and facilities. Seller will be responsible for causing such companies to install the necessary facilities in an easement or road right-of-way adjacent to each lot in the subdivision.

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D. *Canals.* Seller will maintenance dredge the access channel(s) from the Intracoastal Waterway to Harborwalk, and the canals shown on the plat of the subdivision containing the Buyer's lot to plans and specifications prepared by the project engineer. Seller will install bulkheading where Buyer's lot adjoins canals. Flamingo Isles Municipal Utility District will be responsible for bulkheading and canal maintenance after the expiration of the contractor's warranty period.

E. *Completion Dates.* Seller anticipates, based on information provided to it by the project engineer and the above named utility companies, that the subdivision improvements which are its responsibility will be completed by the following dates:

<u>Improvement</u>	<u>Estimated Completion Date</u>
Section Four Electric	July 2006
Section Four Natural Gas	July 2006
Section Four Telephone	July 2006
Section Six Roads	January 2007
Section Six Water & Sewer System	January 2007
Section Six Canals & Bulkhead	January 2007
Section Six Electric	March 2007
Section Six Natural Gas	March 2007
Section Six Telephone	March 2007

F. *Failure to Complete Improvements.* If any of the improvements set for in subparagraphs A, B, or D of this Paragraph have not been completed within twelve months after the estimated completion dates listed in subparagraph E Seller agrees to repurchase the Property from Buyer at a sales price equal to the Contract Sales Price set forth in Paragraph 3 plus six percent (6%) per annum from the date of Closing. NOTWITHSTANDING ANY OTHER PROVISIONS CONTAINED IN THIS AGREEMENT, BUYER ACKNOWLEDGES THAT THE REPURCHASE OF THE PROPERTY BY SELLER SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO BUYER AND HEREBY WAIVES ALL OTHER REMEDIES IN EQUITY AND AT LAW.

22. ***Buyer's Responsibilities – Certain Utilities:*** Buyer is responsible for contacting the above named City utility department, electric company, telephone company, and gas company and making arrangements for the completion of the connections from the residence on Buyer's lot to the facilities of such utility companies. Buyer will be responsible for payment of any tap or connection fees as well as the cost of any line extensions to the residence. A customer deposit may be required, depending on Buyer's previous payment history and the applicable utility company's policies.
  
23. ***Deed Restrictions:*** Prior to closing Buyer will be required to acknowledge receipt of a copy of the Declaration of Covenants, Conditions and Restrictions for Harborwalk, which has been filed of record.
  
24. ***Homeowner's Association Membership:*** Seller notifies Buyer under Section 5.012, Texas Property Code, that, as a purchaser the Property, Buyer is obligated to be a member of Harborwalk Property Owner's Association, Inc. (Harborwalk POA). Restrictive covenants governing the use and occupancy of the Property and a dedicatory instrument governing the establishment, maintenance, and operation of Harborwalk have been recorded in the Real Property Records of Galveston County, Texas. Copies of the restrictive covenants and dedicatory instrument may be obtained from the county clerk. Buyer is obligated to pay assessments to

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Harborwalk POA. The amount of the assessments is subject to change. Buyer's failure to pay the assessments could result in a lien on and the foreclosure of the Property.

25. **HARBORWALK YACHT CLUB:** SELLER NOTIFIES BUYER THAT MEMBERSHIPS IN HARBORWALK YACHT CLUB (THE "CLUB") ARE BEING OFFERED IN ACCORDANCE WITH THE HARBORWALK YACHT CLUB MEMBERSHIP PLAN WITH EXHIBITS, AND MEMBERSHIP AGREEMENT (COLLECTIVELY, THE "MEMBERSHIP DOCUMENTS").

BUYER ACKNOWLEDGES THAT THE MEMBERSHIP DOCUMENTS PERMIT BUYER THE OPPORTUNITY TO APPLY FOR MEMBERSHIP IN THE CLUB FOR A PERIOD OF THIRTY (30) DAYS AFTER THE EFFECTIVE DATE. BUYER MAY APPLY FOR MEMBERSHIP BY SUBMITTING AN EXECUTED MEMBERSHIP AGREEMENT TO THE CLUB.

ANY BUYER WHO DOES NOT APPLY FOR A MEMBERSHIP WITHIN THIRTY (30) DAYS FROM THE EFFECTIVE DATE MAY APPLY FOR A MEMBERSHIP AT A LATER DATE ONLY IF ONE IS AVAILABLE AND NOT OTHERWISE RESERVED BY THE CLUB AND ONLY UPON PAYMENT OF THE FULL MEMBERSHIP DEPOSIT WHICH IS IN EFFECT AT THE TIME THE MEMBERSHIP IS ACQUIRED. BUYER ACKNOWLEDGES THAT THE CLUB AT A LATER DATE CANNOT BE COMPELLED TO ISSUE A RESERVED MEMBERSHIP TO BUYER OR THE SUBSEQUENT PURCHASERS OF THE PROPERTY.

BUYER ACKNOWLEDGES AND UNDERSTANDS THAT THE CLUB FACILITIES (AS DEFINED IN THE MEMBERSHIP DOCUMENTS) ARE NOT COMMON AREAS OF THE HARBORWALK POA, BUT RATHER ARE PRIVATE PROPERTY THAT IS OWNED BY HARBORWALK LP AND LEASED AND OPERATED BY THE CLUB IN ACCORDANCE WITH THE MEMBERSHIP DOCUMENTS. ACCORDINGLY, THE BUYER HEREBY RELEASES AND DISCHARGES FOREVER ANY CLAIMS AGAINST THE SELLER, THE CLUB, THEIR AFFILIATES, THEIR RESPECTIVE EMPLOYEES, AGENTS, OFFICERS, PARTNERS, DIRECTORS, AND THEIR SUCCESSORS AND THEIR ASSIGNS, THAT THE BUYER MAY USE THE CLUB FACILITIES WITHOUT ACQUIRING A MEMBERSHIP AND PAYING ANY REQUIRED MEMBERSHIP DEPOSIT, DUES, FEES AND CHARGES.

THIS PROVISION SHALL SURVIVE THE CLOSING OF THE PURCHASE OF THE PROPERTY.

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26. **Wetlands and Environmental:** Buyer, at Buyer's expense, may obtain a report from an environmental specialist to determine if there are wetlands or other environmental conditions that affect the use of the Property. Buyer may terminate the contract by furnishing the Seller a copy of such report that adversely affects the use of the Property and the Earnest Money shall be refunded to Buyer.

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27. **Coastal Area Property:**

This Property is not adjacent to tidally influenced submerged lands of the State.

This Property is adjacent to tidally influenced submerged lands of the State, and in accordance with Section 33.135, Texas Natural Resources Code, the following Notice is included as part of this Agreement:

NOTICE REGARDING COASTAL AREA PROPERTY

A. The Property adjoins and shares a common boundary with the tidally influenced submerged lands of the State. The boundary is subject to change and can be determined accurately only by a survey on the ground made by a licensed state land surveyor in accordance with the original grant from the sovereign. The owner of the property described in this contract may gain or lose portions of the tract because of changes in the boundary.

B. The Seller has no knowledge of any prior fill of tidally influenced submerged lands of the State as it relates to the Property.

C. State law prohibits the use, encumbrance, construction, or placing of any structure in, on, or over state-owned submerged lands below the applicable tide line, without proper permission.

D. The Buyer is hereby advised to seek the advice of an attorney or other qualified person as to the legal nature and effect of the facts set forth in this notice on the Property. Information regarding the location of the applicable tide line as to the Property may be obtained from the surveying division of the General Land Office in Austin.

28. **Water District Notice:** The real property, described below, which you are about to purchase, is located in Flamingo Isles Municipal Utility District of Galveston County. The district has taxing authority separate from any other taxing authority, and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is \$0.50 on each \$100 of assessed valuation. The most recent projected tax rate which will be levied by the district is \$0.50 per \$100 of assessed valuation. The total amount of bonds which has been approved by the voters and which have been or may, at this date, be issued is \$56,560,000, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is \$0.

The district has the authority to adopt and impose a standby fee of property in the district that has water, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity to the property. The district may exercise the authority without holding an election on the matter. As of this date, the amount of the standby fee is \$0.00. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district.

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The MUD is located in whole or in part within the boundaries of the City of Hitchcock. By law, a district located within the boundaries of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

The purpose of this district is to provide water, sewer, navigational, and drainage infrastructure within the district through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or are to be owned by the City of Hitchcock.

BUYER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. BUYER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

29. **BUYER'S TERMINATION OPTION:** NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONTRACT TO THE CONTRARY, BUYER SHALL HAVE THE NON-WAIVABLE RIGHT TO CANCEL THIS CONTRACT AND RECEIVE A FULL RETURN OF THE EARNEST MONEY BY NOTICE (WRITTEN OR ORAL) TO SELLER AT ANY TIME UNTIL MIDNIGHT OF THE 7TH DAY FOLLOWING THE DATE OF SIGNING OF THIS CONTRACT.
30. **Approval:** This Agreement is not to be binding on the Seller unless approved and executed by an officer of Harborwalk Development Ltd.
31. **Brokers Fees:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements.
32. **Agreement of Parties:** This Agreement, any addendum to the Lot Purchase Agreement, and the Intrastate Exemption Statement contain the entire agreement of the parties and cannot be changed except by their written agreement. Addendum(s) which are attached to this Agreement and made a part hereof are :  
Addendum 1 – Early Build Rebate  
Addendum 2 – Lot Trade Agreement
33. **Survival of Covenants:** The Covenants contained herein shall survive the Closing.
34. **RELY ONLY ON INFORMATION IN THIS LOT PURCHASE AGREEMENT:** NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS AGREEMENT AND THE REFERENCED DOCUMENTS AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY SELLER. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF THIS AGREEMENT AND OTHER PRINTED MATERIALS THIS AGREEMENT SHALL GOVERN.
35. **Consult Your Attorney:** Sales Representatives and Brokers cannot give legal advice. This is intended to be a legally binding contract. READ IT CAREFULLY. If you do not understand the effect of this contract, consult your attorney BEFORE signing.

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36. **Notices:** All notices from one party to the other must be in writing and are effective when mailed (by United States mail, certified, return receipt requested) to, or hand-delivered at, the addresses set forth in this Paragraph:

To Buyer at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Alt. Phone: \_\_\_\_\_

To Seller at:

Harborwalk Development Ltd.

610 West Main, Suite 101

League City, TX 77573

1-866-986-8586

37. **Effective Date:** The Effective Date of this Agreement shall be the day the Agreement and Earnest Money are deposited with the Escrow Agent.

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Print Buyer Name

\_\_\_\_\_  
Print Buyer Name

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

This Agreement shall not be binding on the Seller until the acceptance below is signed.

ACCEPTED BY

HARBORWALK DEVELOPMENT LTD.  
by Harborwalk GP, LLC, its General Partner

by: \_\_\_\_\_

Receipt of a copy of the foregoing Contract and \$ \_\_\_\_\_ Earnest Money from Buyer in the form of \_\_\_\_\_, payable to South-Land Title Company, Escrow Account.

By: \_\_\_\_\_  
Escrow Agent

\_\_\_\_\_  
Date

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INTRASTATE EXEMPTION STATEMENT

Name of Developer: Harborwalk Development, Ltd.  
Address: P.O. Box 1191, League City, Texas 77574  
Name of Subdivision: Harborwalk  
Location: Approximately 2.5 miles south of State Highway 6 on Harborwalk Boulevard in the City of Hitchcock in Galveston County, Texas

THE LOTS IN HARBORWALK, (THE "SUBDIVISION") ARE BEING SOLD ONLY TO RESIDENTS OF THE STATE OF TEXAS PURSUANT TO THE INTRASTATE EXEMPTION FROM REGISTRATION UNDER THE INTERSTATE LAND SALES ACT. ONE REQUIREMENT OF THIS EXEMPTION IS THAT A LOT PURCHASER MUST RECEIVE THIS STATEMENT WHICH DISCLOSES CERTAIN INFORMATION PRIOR TO THE TIME OF SIGNING A CONTRACT TO PURCHASE A LOT.

LIENS

The lots in the Subdivision are being sold subject to no liens except (i) liens securing ad valorem taxes which are described under "Taxes" hereinafter, (ii) liens securing payment of assessments and other amounts to the Harborwalk Homeowners Association, Inc. which are described under "Assessments" hereinafter, and (iii) liens which the purchaser places on the Lot in connection with the purchase, if any.

RESERVATIONS

The lots in the Subdivision are being sold subject to (i) the utility and other easements shown on the plat of the subdivision, including road rights-of-ways and certain easements, (ii) certain easements created in the deed restrictions hereinafter described under the section titled "Restrictions" which are for the purpose of bringing public services to the property and enabling government authorities and the property owners associations with jurisdiction over the subdivision to perform their respective duties, and (iii) a reservation by Developer and/or prior owners of all oil, gas, and other minerals.

TAXES

The lots in the Subdivision will be subject to taxation by various taxing authorities including Galveston County, Hitchcock Independent School District, College of the Mainland, City of Hitchcock and Flamingo Isles Municipal Utility District of Galveston County, Texas. Set forth below is a summary of the taxes levied for the 2005 tax year for the property within the subdivision, which will enable you to estimate annual taxes you will be required to pay on your lot:

<u>Taxing Authority</u>	<u>Tax Rate Per \$100 Assessed Valuation</u>
College of the Mainland	\$ 0.243020
Galveston County	\$ 0.628750
Hitchcock I.S.D.	\$ 1.695000
Flamingo Isles MUD	\$ 0.500000
City of Hitchcock	<u>\$ 0.534557</u>
Total	\$ 3.601327

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ASSESSMENTS

The lots in the Subdivision will be subject to assessments levied by the Harborwalk Property Owners Association, Inc. (“Harborwalk POA”) pursuant to the deed restrictions hereinafter described. Annual assessments established by the Harborwalk POA will primarily be used to cover the costs of maintaining the roads, entrance way and access control gate, and common areas within the project and costs of enforcement of the deed restrictions. Harborwalk POA will levy an annual assessment for 2003 not to exceed 30 cents (\$0.30) for each One Hundred Dollars of Assessed Valuation for tracts with residences and 60 cents (\$0.60) for each One Hundred Dollars of Assessed Valuation for tracts without residences. Assessments may thereafter be increased over this base rate in accordance with the “Restrictions”. Special assessments may be imposed to pay the costs of capital improvements by the Harborwalk POA. The Harborwalk POA has the power to establish user fees for any recreational facilities or amenities, which it might acquire at a future date. At this time the association owns no such facilities and there are no user fees payable.

RESTRICTIONS

The lots in the Subdivision will be subject to the Declaration of Covenants, Conditions and Restrictions for Harborwalk recorded under Galveston County Clerk’s File No. 2003018466, 2004037628, 2004038570, 2005029407, and 2005040831 and the Development Review Committee Builder Guidelines and Architectural Restrictions recorded under Galveston County Clerk’s File No. 2003018467, 2004032900, 2005004965, and 2006004858.

UTILITY COST ESTIMATES

(a) Water. A public water supply system will be installed in the Subdivision with lines in the right-of-way adjacent to each lot at no cost to the lot purchaser. The lot purchaser is responsible for making the tap and setting the meter box, the service line from the meter to the residence, and payment of any tap or connection fees. The cost of water service is estimated as follows:

¾” water tap fee	\$ 500.00
0 – 3000 gallons	\$ 15.50
each additional 1000 gallons	\$ 4.00

(b) Sewer. A public sewer system will be installed in the Subdivision with lines in the right-of-way adjacent to each lot at no cost to the lot purchaser. The lot purchaser is responsible for connecting to the city line, the service line from the property line to the residence, and payment of any tap or connection fees. The cost of sewer service is estimated as follows:

4” sewer tap fee	\$ 500.00
1000 gallon minimum	\$ 15.50
each additional 1000 gallons	\$ 1.80

(c) Gas. Natural gas service will be provided by CenterPoint Energy – Entex Division. All homes will be required to utilize natural gas for heating and water heating, or pay a fee to developer to use electric. When gas service is desired, the lot purchaser must make arrangements for service with the gas company and pay the cost of a service line to the residence to connect with the gas company’s facilities.

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(d) Electricity. Electricity transmission and distribution is provided by CenterPoint Energy. The developer will be responsible for causing such company to install the main lines for the subdivision in an easement or right-of-way adjacent to or on each lot at no cost to the lot purchaser. Each Buyer has the right to choose their retail electric provider. When electric service is desired, the lot purchaser must make arrangements for service with the electric company and pay the cost of a service line from the residence to connect with the electric company's facilities.

(e) Telephone. The approximate cost to the lot purchaser to extend any single party service to a residence on a lot is \$100.00. Telephone service is furnished by SW Bell Telephone Company.

(f) Date of Cost Estimates. The estimated costs specified above may change but are based on information available as of February 15, 2005.

**DEVELOPER'S AFFIRMATION**

I affirm that to the best of my knowledge the above information is accurate and complete.

HARBORWALK DEVELOPMENT LTD.  
by Harborwalk GP, LLC, its General Partner

by: \_\_\_\_\_

**PURCHASER'S ACKNOWLEDGEMENT**

I acknowledge that I have received an Intrastate Exemption Statement listing all liens, taxes, reservations, taxes, assessments, restrictions and estimates of utility costs applicable to Harborwalk, Section \_\_\_\_\_ in Hitchcock, Galveston County, Texas from Harborwalk Development Ltd. I have made a personal on-the-lot inspection of Lot \_\_\_\_\_, Block \_\_\_\_\_, which is the lot I am interested in buying.

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Print Buyer Name

\_\_\_\_\_  
Print Buyer Name

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Initialed for identification by Buyer(s) \_\_\_\_\_, \_\_\_\_\_

ADDENDUM 1 TO LOT PURCHASE AGREEMENT  
EARLY BUILD REBATE

**Early Build Rebate:** Seller hereby promises and agrees to pay an early build rebate to Purchaser if and when Purchaser satisfies all of the following requirements:

A. Purchaser must obtain DRC approval and obtain a building permit from the City of Hitchcock to build a house on the Lot that is the subject of this Unimproved Property Contract within six months after the later of either the Closing Date or Substantial Completion of the Property. For purposes of this addendum, Substantial Completion of the lot will be the date the City of Hitchcock will issue a Building Permit for the Property.

B. Purchaser must complete construction of a residence that complies with the Builder Guidelines and the final plans approved by the Architectural Review Committee on the Lot that is the subject of this Unimproved Property Contract and obtain a Certificate of Occupancy from the City of Hitchcock for said house within eighteen months after the later of either the Closing Date or Substantial Completion of the Property.

Upon achievement of both of these requirements Seller agrees to pay a rebate to Purchaser within thirty (30) days of Purchaser providing a copy of the Certificate of Occupancy to Seller. The rebate will be Twenty Thousand Dollars and no cents (\$20,000.00). The provisions of this paragraph are not transferable by Buyer.

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Seller Signature

\_\_\_\_\_  
Buyer Signature

Initialed for identification by Buyer(s) \_\_\_\_\_, \_\_\_\_\_

ADDENDUM 2 TO LOT PURCHASE AGREEMENT  
LOT TRADE AGREEMENT

**Lot Trade Agreement:** Seller agrees that at anytime in the future, Purchaser may purchase any other unimproved lot or dwelling owned by Seller and listed for sale ("New Property") from Seller for the listed sales price of said New Property. The Property which is the subject of this Lot Purchase Agreement may be tendered as part of the purchase price of the New Property, provided however that the purchase price of the New Property if unimproved must be at least equal to Purchaser's contract price for the Property (as described in paragraph 3) plus fifty percent (50%), and if improved must be at least equal to Purchaser's contract price for the Property (as described in paragraph 3) plus three hundred percent (300%). The value attributed to the Property shall be the Sales Price in paragraph 3 of this Agreement plus one-half percent (0.5%) of the Sales Price times the number of months from the date of the closing of the Property until the date of the closing of the New Property (equals 6% appreciation per year), but in no event greater than the Sales Price of the Lot times one hundred twelve percent (112%). The provisions of this paragraph are not transferable by Buyer.

\_\_\_\_\_  
Buyer Signature

\_\_\_\_\_  
Seller Signature

\_\_\_\_\_  
Buyer Signature

Initialed for identification by Buyer(s) \_\_\_\_\_, \_\_\_\_\_