Box 31
LL

Address New Owner:	Map-Parcel Numbers:	Send Tax Bills To:
Waterford Crossings, G.P. 5847 San Felipe, Suite 3600 Houston, Texas 77056	174-26, 174-169, and 174-146	Waterford Crossings, G.P. 5847 San Felipe, Suite 3600 Houston, Texas 77056

SPECIAL WARRANTY DEED

BOOK 10095 PG 196

STATE OF TENNESSEE §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF DAVIDSON §

This Indenture, made as of the date set forth below, between ***HICKORY DOWNS DEVELOPMENT, INC.***, a Delaware corporation, of the County of Davidson and State of Tennessee, whose mailing address is c/o American General Investment Corporation, 2929 Allen Parkway, 40th Floor, Houston, Texas 77019, Attn: Director of Real Estate ("Grantor"), and ***WATERFORD CROSSINGS, G.P.***, a Texas general partnership, of the County of Harris and State of Texas, whose mailing address is 5847 San Felipe, Suite 3600, Houston, Texas 77056 ("Grantee").

W I T N E S S E T H:

That Grantor, for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration to it in hand paid by Grantee, the receipt and sufficiency of which consideration is hereby confessed and acknowledged, has **GRANTED, BARGAINED, SOLD** and **CONVEYED**, and by these presents does **GRANT, BARGAIN, SELL** and **CONVEY** to Grantee (a) that certain real property, more particularly described on **Exhibit "A"** attached hereto; and (b) all rights and appurtenances of Grantor pertaining thereto including any right, title and interest of Grantor (but without warranty, whether statutory, express or implied) in and to adjacent streets, alleys or rights-of-way.

The property and property rights described in (a) and (b) above shall be hereinafter collectively referred to as the "Subject Property."

The conveyance of the Subject Property is made by Grantor and accepted by Grantee subject to (a) the matters herein stated, (b) the matters set forth in **Exhibit "B"** attached hereto and incorporated by reference herein for all purposes, but only to the extent such matters are valid, subsisting and affect the Subject Property (the "Permitted Exceptions"), and (c) real estate taxes for the year 1996 (which have been prorated as of the date hereof and assumed by Grantee).

Prepared By:
Dow, Cogburn & Friedman, P.C.
2300 Nine Greenway Plaza
Houston, Texas 77046-0962

EXCEPT AS TO THE WARRANTY OF TITLE AS EXPRESSLY PROVIDED HEREIN, GRANTEE ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY PROVIDED HEREIN, GRANTOR HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, OF, AS TO, CONCERNING, OR WITH RESPECT TO, (i) THE VALUE, NATURE, QUALITY OR CONDITION OF THE SUBJECT PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (ii) THE SUITABILITY OF THE SUBJECT PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH MAY BE CONDUCTED THEREON, (iii) THE COMPLIANCE OF OR BY THE SUBJECT PROPERTY WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (iv) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE SUBJECT PROPERTY, OR (v) ANY OTHER MATTER WITH RESPECT TO THE SUBJECT PROPERTY. SPECIFICALLY, BUT NOT IN LIMITATION OF THE FOREGOING, GRANTEE FURTHER ACKNOWLEDGES THAT GRANTOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES REGARDING COMPLIANCE OF THE SUBJECT PROPERTY WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO SOLID WASTE, AS DEFINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., PART 261, OR THE DISPOSAL OR EXISTENCE, IN OR ON THE SUBJECT PROPERTY, OF ANY HAZARDOUS SUBSTANCES, AS DEFINED BY THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, AND THE REGULATIONS PROMULGATED THEREUNDER. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE SUBJECT PROPERTY, GRANTEE IS RELYING SOLELY ON GRANTEE'S OWN INVESTIGATION OF THE SUBJECT PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY GRANTOR. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE SUBJECT PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT GRANTOR HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT THE SALE OF THE SUBJECT PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS.

TO HAVE AND TO HOLD the Subject Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns, forever; and Grantor, for its successors, assigns and legal representatives, does covenant and agree to and with the Grantee, its successors and assigns, that Grantee is lawfully seized in fee of the aforesaid premises, that the same are free of all encumbrances (subject, however, to (a) the Permitted Exceptions and the matters herein stated; and (b) taxes for the year 1996 which have been prorated as of the date hereof and payment of which is assumed by Grantee), that it has good right to sell and convey the same to Grantee as aforesaid and that it will warrant and forever defend, all and singular, the Subject Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Grantor, but not otherwise.

Conveyance of the Subject Property is subject to the following:

1. **Use Restrictions:** The Subject Property shall be used for the construction, operation and maintenance of multi-family residential improvements and related uses and amenities associated with such multi-family residential improvements and for no other purpose. For purposes hereof, "multi-family residential improvements" shall refer to apartments, townhomes, or other multi-family dwellings or other improvements, excluding one to four family residential structures.

2. **Right of First Refusal.** Grantor hereby reserves the exclusive right to repurchase the Subject Property from Grantee if Grantee does not desire to construct multi-family residential improvements (the "Improvements") on the Subject Property and intends to sell the Subject Property to any third party in its unimproved condition.

If Grantee offers the Subject Property for sale, exchange or other form of conveyance prior to the commencement of construction of the Improvements and Grantee shall have received an acceptable bona fide written offer (the "Sales Offer", which Sales Offer must state a purchase price payable in cash and/or on terms that can be matched by Grantor) for the sale of the Subject Property to a third party, Grantee shall first offer the Subject Property to Grantor, and Grantor shall have a period of thirty (30) days after Grantee shall have given Grantor notice and a copy of the Sales Offer in which to accept or reject Grantee's offer to repurchase the Subject Property. If Grantor accepts Grantee's aforesaid offer, Grantor shall repurchase the property on the same terms and conditions as contained in the Sales Offer or for cash, provided, however, in no event shall Grantor be obligated to pay as the purchase price in connection with said Sales Offer an amount in excess of the purchase price paid by Grantee for purchase of the Subject Property from Grantor (the "Purchase Price"). If Grantor fails or refuses, within such thirty (30) day period, to give Grantee written notice as to whether Grantor accepts or rejects such offer, Grantor shall be deemed to have rejected such offer. The repurchase shall occur within thirty (30) days after the date that Grantor exercises such repurchase option. Simultaneously with the payment of the Purchase Price to Grantee, Grantee shall execute and deliver a Special Warranty Deed to the Subject Property to Grantor, subject only to the Permitted Encumbrances. The closing of the repurchase hereunder shall occur at Lawyers Title Insurance Company, through its agent, Boult, Cummings, Conners & Berry, 414 Union Street, Suite 1600, Nashville, Tennessee 37219, or other agent acceptable to Grantor, and the costs of closing shall be paid for as specified in the Sales Offer. Grantee hereby agrees that Grantor may have the right of specific performance against Grantee to enforce Grantor's preferential repurchase rights herein created and that any contract or sale made in violation of this Deed shall be null and void. If Grantor rejects Grantee's offer to sell the Subject Property, Grantee shall have a period of one hundred fifty (150) days from the date of Grantor's rejection to consummate the sale of the Subject Property to a third party on terms no more favorable than contained in the Sales Offer without again being required to offer the Subject Property to Grantor.

If Grantee commences construction and certifies the same in writing to Grantor, Grantor agrees, upon Grantee's written request, to deliver promptly to Grantee a duly executed and acknowledged release, releasing Grantor's right of first refusal as set forth herein.

Grantor's preferential and exclusive right to repurchase the Subject Property under the terms and conditions set forth herein shall be subordinate to any bona fide acquisition, construction, or development and permanent mortgage placed on the Subject Property by Grantee in favor an institutional third party lender.

3. **Repurchase Option.** Grantee has represented and warranted to Grantor, and Grantor has relied on such representation and warranty in connection with the conveyance of the Subject Property herein to Grantee, that Grantee shall commence construction of the Improvements on the Subject Property on or before eighteen (18) months following the date hereof (the "Construction Commencement Date"). If Grantee has not, on or before the Construction Commencement Date (plus a period of time equal to the duration of delays caused by events not within the reasonable control of Grantee) commenced construction of the Improvements, then Grantor may require Grantee to reconvey the Subject Property to Grantor for an amount not to exceed the Purchase Price, payable in cash at the closing of the repurchase of the Subject Property. Grantor shall not be obligated to (i) reimburse Grantee for any taxes or maintenance charges paid by Grantee with respect to the Subject Property or any other sums paid by Grantee in connection with the purchase of the Subject Property or (ii) pay Grantee any interest on the Purchase Price paid by Grantee.

If Grantee has not commenced construction of the Improvements on the Subject Property on or before the Construction Commencement Date, Grantor or its nominee shall have a period of six (6) months after the required Construction Commencement Date (plus a period of time equal to the duration of delays caused by events not within the reasonable control of Grantee), to exercise the aforesaid option to purchase, provided that Grantee has not commenced construction of the Improvements on the Subject Property prior to Grantor's exercise of such repurchase option. Grantor shall be deemed to have exercised such repurchase option upon notifying Grantee, in writing, of its intent to exercise such repurchase option, provided that if Grantee commences construction of the Improvements prior to receipt of such notification from Grantor, Grantor shall no longer have the right to exercise such repurchase option. The repurchase shall occur within thirty (30) days after the date that Grantor exercises such repurchase option. Simultaneously with the payment of the Purchase Price to Grantee, Grantee shall execute and deliver a Special Warranty Deed to the Subject Property to Grantor or its nominee, subject only to the Permitted Encumbrances and any other exceptions to which Grantor may have consented, in writing. Grantee shall also execute any other documents that may be necessary or required to reconvey the Subject Property to Grantor. The closing of the repurchase hereunder shall occur at Lawyers Title Insurance Company, through its agent, Boult, Cummings, Conners & Berry, 414 Union Street, Suite 1600, Nashville, Tennessee 37219, or other agent acceptable to Grantor, and the costs of closing shall be payable in accordance with local custom for the closing of similar transactions in Davidson County, Tennessee. Grantee hereby agrees that Grantor may have the right of specific performance against Grantee to enforce Grantor's preferential repurchase rights herein created and that any contract or sale made in violation of this Deed shall be null and void. This provision shall be binding on Grantee, its successors, and assigns.

If the aforementioned notice of exercise of Grantor's option to purchase the Subject Property in the manner specified in the immediately preceding paragraph shall not be so

given by Grantor to Grantee on or before the expiration of such six (6) month period as aforesaid, Grantor's option to exercise the purchase of the Subject Property because of Grantee's failure to commence construction on or before the Construction Commencement Date shall thereupon cease and terminate.

Grantor agrees, upon Grantee's written request, to deliver to Grantee a duly executed and acknowledged release, releasing Grantor's option to repurchase the Subject Property for failure to commence construction on or before the Construction Commencement Date in the event either: (i) Grantee commences construction on or before the Construction Commencement Date, and certifies to the same in writing to Grantor, prior to the time Grantor exercises its option to purchase the Subject Property for Grantee's failure to commence construction on or before the Construction Commencement Date; or (ii) Grantor fails to exercise its option within the time and in the manner set forth herein.

The foregoing right of Grantor to repurchase the Subject Property shall be subordinate to any bona fide acquisition, construction, or development or permanent mortgage placed on the Subject Property by Grantee in favor of an institutional third party lender.

For purposes of this Deed, "commencement of construction" or "commences construction" shall mean the pouring of the foundation for a single multi-family building to comprise part of the Improvements following approval of the plans and specifications and plot plan therefor as set forth in the Restrictions (as defined on Exhibit "B" attached hereto and made a part hereof).

IN WITNESS WHEREOF, the Grantor has executed this Deed this 7 day of June, 1996.

HICKORY DOWNS DEVELOPMENT, INC., a Delaware corporation

By: _____
Name: Lawrence Kupstas
Title: President

"GRANTOR"

Signed, sealed and delivered
in the presence of:

_____
Witness

_____
Witness

APPROVED
AS TO CONTRACT COMPLIANCE
PER SPM NO. 132
LAW DEPARTMENT
AGC
CONTROL NO. L-96-609
DATE 6-7-96
SIGNED _____

Grantee joins in the execution of this Deed for the purposes of acknowledging the terms and provisions in the Deed.

WATERFORD CROSSINGS, G.P., a Texas general partnership, by its undersigned managing general partner

By: THC 1996 Limited Partnership, a Texas limited partnership, by its undersigned general partner

By: Hanover G.P., Inc., a Texas corporation

By: _____
Name: James L. Fotheringham
Title: President

"GRANTEE"

Signed, sealed and delivered
in the presence of:

Kathryn K. Binford
Witness

Linda J. Turner
Witness

STATE OF TENNESSEE

COUNTY OF DAVIDSON

The actual consideration or value, whichever is greater, for this transfer is ~~$1,417,500.00~~ $1,431,000.00 Revd

R E Wood

Affiant

Subscribed and sworn to before me this 21 day of June, 1996.

Yvetta B. Lane

Notary Public

My Commission Expires: 5/23/98

STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Lawrence Kupstas, President of **HICKORY DOWNS DEVELOPMENT, INC.**, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Witness my hand and seal of office this 7th day of June, 1996.

Print Name: _____
(Notary Public)
My Commission Expires:

(AFFIX NOTARY SEAL)

EDNA DOMINGUEZ
Notary Public, State of Texas
My Commission Expires
MAY 31, 2000

~~STATE OF TEXAS~~ §
§
~~COUNTY OF HARRIS~~ §

~~BEFORE ME, the undersigned authority, on this day personally appeared~~ _____, _____ of Hanover G.P., Inc., a general partner of THC 1996 Limited Partnership, a Texas limited partnership, a general partner of **WATERFORD CROSSINGS, G.P.**, a Texas general partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said limited partnership, on behalf of such general partnership.

Witness my hand and seal of office this _____ day of _____, 1996.

Print Name: _____
(Notary Public)
~~My Commission Expires:~~

~~(AFFIX NOTARY SEAL)~~

STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared JAMES L. FATHEREE, JR., PRESIDENT of Hanover G.P., Inc., the general partner of THC 1996 Limited Partnership, a Texas limited partnership, managing general partner of **WATERFORD CROSSINGS, G.P.**, a Texas general partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said limited partnership, on behalf of such general partnership.

Witness my hand and seal of office this 20 day of JUNE, 1996.

ELIZABETH ANN BAILESS
NOTARY PUBLIC
State of Texas
Comm. Exp 09-25-99

(AFFIX NOTARY SEAL)

Elizabeth Ann Bailess

Print Name: ELIZABETH ANN BAILESS
(Notary Public)

My Commission Expires:

9-25-99

O:\WPDOCS\100195\0709\SWDEED03.SJT\0610961606

EXHIBIT "A"

Legal Description

Being a tract of land lying in Nashville, Davidson County, Tennessee, and being part of the property of Hickory Downs Development, Inc., as of record in Deed Book 9534, page 423, at the Register's Office for Davidson County, Tennessee, and being bounded on the north by Hickory Downs Development, Inc., on the east by the west right-of-way line of Franklin Road, on the south by the north right-of-way line of Crossings Boulevard, and on the west by Hickory Downs Development, Inc. and by Tract One of the U.S. Post Office at The Crossings at Hickory Hollow, as of record in Plat Book 9700, page 36, and being the property of USPC Crossings, L.L.C., as of record in Deed Book 9814, page 1, and being more particularly described as follows:

BEGINNING at an iron rod in the north right-of-way line of Crossings Boulevard at the west right-of-way line of Old Franklin Road;

THENCE with the north right-of-way line of Crossings Boulevard North 82° 58' 02" West, 51.34 feet to an iron rod;

THENCE along a curve to the right, the central angle of which is 29° 52' 43", the radius of which is 1382.39 feet, the chord of which is North 68° 01' 40" West, 712.75 feet, along an arc length of 720.89 feet to an iron rod;

THENCE with a severance line through Hickory Downs Development, Inc. North 35° 18' 07" East, 1033.43 feet to an iron rod;

THENCE South 54° 41' 53" East, 641.83 feet to an iron rod in the west right-of-way line of Old Franklin Road;

THENCE with the west right-of-way line of Old Franklin Road along an arc to the left, the central angle of which is 40° 12' 39", the radius of which is 1141.35 feet, the chord of which is South 27° 08' 17" West, 784.67 feet, along an arc length of 801.01 feet to an iron rod;

THENCE South 07° 01' 58" West, 8.08 feet to an iron rod;

THENCE along an arc to the right, the central angle of which is 90° 00' 00", the radius of which is 45 feet, the chord of which is South 52° 01' 58" West, 63.64 feet, along an arc length of 70.69 feet to the point of beginning.

CONTAINING 653,400 square feet (15.000 acres, more or less).

EXHIBIT "B"

Permitted Exceptions

1. 1996 taxes, a lien, which are not due and payable for Tax Parcel No. 174-26, 174-169, and 174-146.

2. All covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, and limitations on title set forth in Declaration of Protective Covenants and Owner's Association for Hickory Downs filed of record in Book 7963, page 145, Register's Office for Davidson County, Tennessee, as re-recorded in Book 7966, page 60, said Register's Office, as amended by amendments of record in Book 8085, page 402, and in Book 9730, page 957, and in any allied instruments referred to in said restrictions (collectively referred to herein as the "Restrictions").

3. Eleven foot (11') building setback line from the northeasterly and northwesterly boundary line of the Subject Property.

4. Twenty foot (20') building setback line from the southerly and easterly boundaries of the Subject Property.

5. All matters shown on plat recorded in Book 7900, page 39, Register's Office for Davidson County, Tennessee,including, but not limited to, twenty foot (20') wide sanitary sewer easement, and restrictions as set forth in Owner's Certificate and Notes.

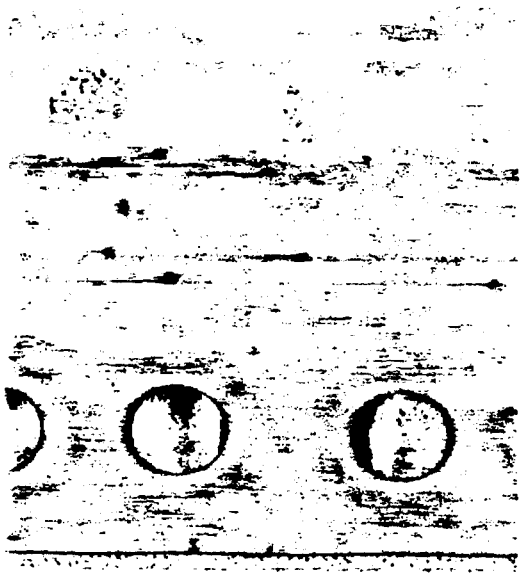
6. All matters shown on plat recorded in Book 7900, page 229, Register's Office for Davidson County, Tennessee, including but not limited to twenty foot (20') wide sanitary sewer easement, and restrictions as set forth in Owner's Certificate and Notes.

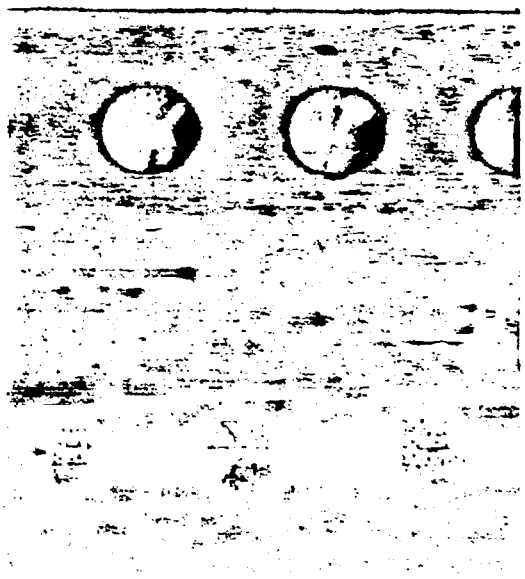
O:\WPDOCS\100195\0709\EXB02.SJT\0606961715

0195563
IDENTIF. & REFERENCE

96 JUN 21 PM 3:53
FELIX Z. [illegible] REGISTER
DAVIDSON COUNTY, TN.

5551 06/21 0101 03CHECK 5339-70





OFFICIAL RECEIPT

FELIX Z. WILSON, II

REGISTER OF DAVIDSON COUNTY
NASHVILLE, TENNESSEE

RECEIVED OF _____

FOR _____

BOOK 10095 PG 207

CO - CONVEYANCE	CC - CERTIFIED COPY	MISC - MISCELLANEOUS
MO MORTGAGE	REL - RELEASE	CO TX - STATE TAX CONVEY
WD WARRANTY DEED	UCC - UNIFORM COMMERCIAL CODE	MO TX - STATE TAX MORT
TD TRUST DEED		PRFEE - PROBATE FEE

DATE	SYMBOL	VALUATION	TAX AND FEES	TOTAL PAID
				CAMT 1431000.00
				CON TX 5294.70
				PRFEE 1.00
				MDEED 44.00
				TOTAL 5339.70
				CHECK 5339.70
06/21/96	01		15:56 0001	6551

RECEIPT IS NOT VALID UNTIL CHECK IS PAID BY BANK

0195563 IDENTIF. ↑ REFERENCE

96 JUN 21 PM 3:52

FELIX Z. WILSON II REGISTER
DAVIDSON COUNTY, TN

No. 1054336