

PID

FILE

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November 17, 2004

Ms. Pat Bales
HAYNES DEVELOPMENT COMPANY
6500 Greenville Avenue, Suite 350
Dallas, Texas 75206

RE: Lease and Operation Agreement for Panther Creek Public Improvement
District #2
Our File: 040357.00069

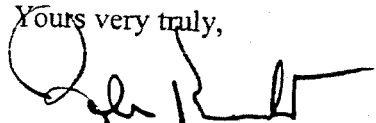
Dear Pat:

Please find attached four (4) duplicate originals of the referenced agreement which require your signature (and printed name) at the spaces indicated. Also attached is a pre-addressed envelope for your use in returning all four of the fully-executed agreements to Kathy Wingo at the Frisco City Secretary's Office.

Please also return a copy of the full agreement to me for our files and keep a copy for your records.

If you have any question on this, please do not hesitate to call me.

Yours very truly,



Robert J. Banta

RJB:PF
Enclosures

LEASE AND OPERATION AGREEMENT
FOR PANTHER CREEK
PUBLIC IMPROVEMENT DISTRICT #2

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This Lease and Operation Agreement ("Lease") is made and entered into by and between the City of Frisco, Texas ("Frisco") a municipal corporation (also referred to herein as "Landlord") and The Dominion at Panther Creek Homeowners Association, Inc., a Texas non-profit corporation (referred to herein as "Tenant" or "HOA") as follows:

ARTICLE I.
DEFINITIONS

1. The Dominion at Panther Creek Homeowners Association, Inc. ("Tenant" or "HOA") is established for the purpose of operating and maintaining the property owned by the HOA in the development known as "The Dominion at Panther Creek", an addition to the City of Frisco ("The Dominion").

2. "Public Improvement District" or "PID" means and refers to the district established by Frisco pursuant to Section 372.001 et. seq. of the Texas Local Government Code for the purpose of acquiring public improvements constructed in The Dominion.

3. "PID Improvements" will refer to and mean the real property and improvements acquired by Frisco through the Public Improvement District to provide enhanced and additional improvements within The Dominion. The PID Improvements are more fully described on Exhibit "A" attached hereto and incorporated herein by reference. The PID Improvements will not include the developer-required improvements constructed in The Dominion nor will the PID Improvements include any improvements constructed on City parkland.

ARTICLE II.
LEASE AGREEMENT

1. Lease. For Ten and No/100 Dollars (\$10.00) and other good and valuable consideration the receipt of which is hereby acknowledged, Landlord hereby leases to Tenant and Tenant hereby accepts from Landlord a leasehold estate in and to the PID Improvements lying and being situated within the real property in the County of Collin, City of Frisco, State of Texas, being more particularly described on Exhibit "B" attached hereto, together with all rights, privileges, easements and appurtenances belonging to or in any way pertaining to the PID Improvements that are now situated or to be erected thereon.

NEED

2. Consideration. Tenant agrees to maintain and operate the PID Improvements for the benefit of Tenant and the Landlord. Tenant acknowledges Landlord's right pursuant to the Texas Local Government Code to charge or assess the Lots and owners of Lots contained in the Public Improvement District described more fully on Exhibit B, for expenses related to PID Improvements maintenance and operation (referred to herein as PID Maintenance Charges). Notwithstanding anything contained herein to the contrary, during the term of this Lease, Landlord does not intend to levy PID Maintenance Charges, and this Lease and Tenant's obligation to maintain hereunder shall terminate if Landlord levies PID Maintenance Charges. Landlord and Tenant acknowledge and agree that the HOA's performance of the maintenance obligations of the PID Improvements will benefit Landlord and Tenant because all parties hereto agree that the HOA's contracting for maintenance, oversight, and quality control are desired by Landlord and Tenant to maintain the PID Improvements at a high standard for the benefit of the citizens of Frisco and in particular the owners of Lots in The Dominion. Landlord and Tenant acknowledge and agree that this Lease and the provisions stated herein shall constitute additional good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto.

3. PID Maintenance Charges / Independent Contractor. Landlord acknowledges that Tenant will be entitled to charge its members to cover the costs associated with maintenance and operation of the PID Improvements; provided, however, Tenant will not represent or claim to represent or act on behalf of Landlord in any respect in relation to any charges to its Members for PID Maintenance. Tenant acknowledges and agrees that in no respect will this Lease constitute a management agreement between Landlord and Tenant and Tenant shall not be Landlord's agent in any respect. Tenant acknowledges, agrees and represents that it shall be an independent contractor during the term of this Agreement and not an employee or agent of Landlord's. Tenant will be solely responsible for all taxes and compliance with other local, state or federal laws applicable to independent contractors.

Landlord further acknowledges that Tenant intends to charge its members to cover the costs associated with maintenance and operation of HOA improvements ("HOA M&O Charges"). Tenant shall keep the PID Maintenance Charges and the HOA M&O Charges in separate accounts, which will not be co-mingled. The PID Maintenance Charges and the HOA M&O Charges shall be used for the purposes as set forth on Exhibit "C". Tenant will not use PID Maintenance Charges for any purpose other than maintaining and operating PID Improvements.

4. Term. The term of this Lease will be twenty (20) years from the date of full execution hereof. During the term of this Lease, Tenant will be entitled to peaceable and quiet enjoyment (though not exclusive) of the PID Improvements.

5. Landlord's Obligations. Tenant acknowledges and agrees that Landlord will have no obligation to Tenant with respect to maintenance and operation of the PID Improvements. Tenant will be solely responsible for all maintenance and operation of said PID Improvements.

6. Termination. Either party may terminate this Lease without cause on thirty (30) days written notice. Landlord may terminate this Lease upon three (3) days written notice upon Tenant's failure to fulfill all obligations created by this Lease, including but not limited to, Tenant's failure to assess PID Maintenance Charges or keep PID Maintenance Charges in a separate account, or Tenant's failure to properly maintain PID Improvements or Tenant using PID Maintenance Charges for anything other than maintaining and operating PID Improvements. In the event of termination by either party hereto, Tenant's leasehold interest in the premises will be terminated.

7. Public Use. Tenant and Landlord acknowledge and agree that the PID Improvements will be available for use by the general public. Neither Landlord or Tenant will be liable for claims, debts, demands, actions, causes of action or damages of any kind to any person with respect to the PID Improvements or the maintenance or leasing thereof, and both will be entitled to exercise and rely upon the sovereign immunity of Frisco to the greatest extent available at law or in equity, unless otherwise specifically stated in this Lease to the contrary.

8. Tenant Insurance. Tenant agrees to maintain commercial general liability insurance and property insurance against all risks in an amount deemed reasonably acceptable by the HOA and will name Frisco as an additional insured under such coverage attributable to the PID Improvements.]*

9. Fire or Other Casualty. In the event of casualty, which damages all or any portion of the PID Improvements, neither Landlord or Tenant will have responsibility for replacing said improvements. Notwithstanding, in the event Landlord and/or Tenant receive insurance proceeds specifically in connection with damages to the PID Improvements, Landlord and Tenant agree to utilize all such insurance proceeds for the sole purpose of repair or replacement of the damaged PID Improvements.

10. Inspection Rights Reserved to Landlord. Landlord may inspect the premises to evaluate the quality of the maintenance and the effectiveness of the operation.

11. Taxes. Landlord acknowledges that all PID Improvements will be exempt from ad valorem taxes.

12. Successors. The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. In the event Tenant assigns its rights and obligations under this Lease, Tenant will immediately notify Landlord in writing of the assignment. All rights, powers, privileges, immunities and duties of Landlord or Tenant under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

13. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

14. Audit, Access to Records and Remedy. Landlord, or its designee may conduct an audit or other inquiry in relation to the PID Maintenance Charges or PID Improvements as determined necessary by Landlord. As part of the audit process, Tenant's books and records or accounts relative to determining the assessment and use of PID Maintenance Charges or maintenance of PID Improvements shall be made available for inspection during regular business hours upon seven (7) days written notice by Landlord to Tenant. Tenant agrees to give its full cooperation in such audit or inquiry and shall provide complete responses to inquiries within the seven (7) days of a written request, unless otherwise agreed to by Landlord and Tenant.

If the results of the audit or inquiry demonstrate that the proper amount of assessments have not been made by Tenant or that funds are missing or misused from the separate account for the PID Maintenance Charges, then Tenant shall, within thirty (30) days of written notice of such determination, make a deposit into the separate account kept for the PID Maintenance Charges in an amount necessary to make the account whole. If any inquiry shows that PID Improvements are not being properly maintained Tenant shall, with thirty (30) days of written notice of such determination, make the necessary repairs to bring the PID Improvements into proper condition.

15. Miscellaneous.

- A. Notices. Any notice required or permitted by this Agreement is effective when personally delivered in writing or two (2) days after notice is deposited with the U.S. Postal Service, postage prepaid, certified with return receipt requested, and addressed as follows:

LANDLORD:

The City of Frisco, Texas
Attn: George Purefoy, City Manager
6891 Main Street
Frisco, Texas, 75034
Telephone No.: (972) 335-5555
Facsimile No.: (972) 335-5559

With copy to: Abernathy, Roeder, Boyd and Joplin
Attn: Julie Fort
1700 Redbud, Suite 300
P.O. Box 1210
McKinney, Texas 75070-1210
Telephone No.: (214) 544-4000
Facsimile No.: (214) 544-4040

TENANT:

The Dominion at Panther Creek Homeowners
Association, Inc.
c/o RNH Development Company
6500 Greenville Avenue, Suite 350
Dallas, Texas 75206
Phone: 214.248.9116
Fax: 214.248.2654

With copy to: Attn: Robert Banta
2200 Ross Avenue
Suite 2200
Dallas, Texas 75201-6776
Telephone No.: 214-740-8509
Facsimile No.: 214-740-8800

The parties may, from time to time, change their respective addresses and contact persons listed above to any other location or person in the United States for the purpose of notice under this Lease. A party's change of address shall be effective when notice of change is provided to the other party in accordance with the provisions of this paragraph.

- B. Capacities. The person or persons executing this Lease on behalf of Frisco represents and warrants that he/she has the authority to do so in the capacity stated. The person or persons executing this Lease on behalf of Tenant represents and warrants that he/she has the authority to do so in the capacity stated.
- C. Interpretation. This Lease will be deemed drafted equally by all parties hereto. The language of all parts of this Lease will be construed as a whole according to its fair meaning, and any presumption or principle that the language in this Lease is to be construed against any party will not apply. Headings in this Lease are for the convenience of the parties and are not intended to be used in construing this document.
- D. Counterparts. The parties may execute this Lease in one or more counterparts, all of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- E. Further Assurances. The parties agree to take such further actions and to sign such further documents as may be reasonably necessary or appropriate to fulfill the intent of, and to complete the transactions described in this Lease.

- F. Captions. The captions to the various clauses of this Lease are for informational purposes only and in no way alter the substance of the terms and conditions of this Lease.
- G. Lease Interpretation. The parties to this Lease covenant and agree that in any litigation relating to this Lease, the terms and conditions of the Lease will be interpreted according to the laws of the State of Texas. The parties acknowledge that they are of equal bargaining power and that each of them were represented by legal counsel in the negotiation and drafting of this Lease. Accordingly, the parties agree that this Lease shall not be interpreted against the drafter hereof.
- H. Third Party Beneficiaries. Each party agrees and intends that this Lease shall not benefit or create any right or cause of action in or on behalf of any person or entity other than the parties to this Lease and their successors or assigns.
- I. Venue. The parties to this Lease agree and covenant that if legal action is necessary to enforce this Lease, exclusive venue will lie in Collin County, Texas.
- J. Sovereign Immunity. The parties agree that no party has waived its sovereign immunity by entering into and performing their respective obligations under this Agreement.

Executed this 2nd day of November 2004.

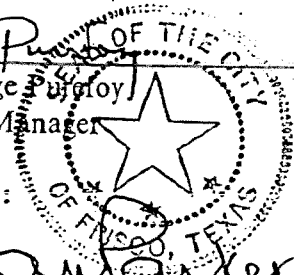
LANDLORD:

City of Frisco, Texas,
a municipal corporation

By: George Puffroy
Its: City Manager

ATTEST:

Nan Parker
Name: Nan Parker
Secretary



TENANT:

The Dominion at Panther Creek Homeowners Association, Inc.,
a Texas non-profit corporation

By: Arnold N. Haynes, Jr.
Its: President

ATTEST:

Name: _____
Secretary

CITY/ID/HOA F KELLUMINAKI DUBUQUE ALLEN COUNTY IOWA
 THE DOMINION AT PANTHER CREEK; FRISCO, TEXAS

Revised 2 June, 2004

Prepared by NFA Co.

AREA	CITY REQUIRED	PID	HOA
AMENITY CENTER	N/A	<ul style="list-style-type: none"> ◆ Grading = \$25,000.00 ◆ Line Lakes = \$15,000.00 ◆ Parking Lot/ Circular Drop Off/Landing = \$75,000.00 ◆ Park Trellis = \$27,800.00 ◆ Erosion Control = \$10,000.00 ◆ Lake Weir = \$16,000.00 ◆ Lake Fountain = \$20,000.00 ◆ Irrigation = \$50,000.00 ◆ Landscape = \$68,800.00 ◆ Equip. Rental = \$3,000.00 ◆ Survey Staking = \$3,800.00 ◆ NFA Fee = \$6,500.00 ◆ B + L Fee = \$14,500.00 ◆ Storm Sewer = \$95,000.00 ◆ Engineering = \$50,000.00 ◆ Lake Excavation = \$75,000.00 ◆ Fine Grading = \$20,000.00 ◆ Lighting = \$30,000.00 ◆ SUB-TOTAL = \$605,400.00 	<ul style="list-style-type: none"> ◆ Building/Pavilion = \$214,000.00 ◆ Utilities = \$32,800.00 ◆ (Electric/Phone/Water/Sewer) ◆ Pool/Deck = \$252,800.00 ◆ Pool Area Fence = \$20,200.00 ◆ (including all entry gates) ◆ Granite Path = \$7,200.00 ◆ Landscape Lighting = \$20,000.00 ◆ Grading/Select Fill = \$6,000.00 ◆ Survey Staking = \$2,600.00 ◆ Irrigation = \$15,100.00 ◆ Landscape = \$31,400.00 ◆ NFA Fee = \$17,500.00 ◆ B + L Fee = \$24,275.00 ◆ SUB-TOTAL = \$643,875.00
TXU EASEMENT	<ul style="list-style-type: none"> ◆ 4' Trail = \$26,750.00 ◆ 10,700 SF @ \$2.50 ◆ Grading = \$3,000.00 ◆ Survey Staking = \$1,800.00 ◆ NFA Fee = \$2,000.00 ◆ B + L Fee = \$2,500.00 ◆ SUB-TOTAL = \$36,050.00 	<ul style="list-style-type: none"> ◆ Extra 2' Width = \$13,375.00 ◆ 5,350 SF @ \$2.50 ◆ Grading = \$5,000.00 ◆ Meander Add = \$3,350.00 ◆ Turf = \$13,350.00 ◆ Survey Staking = \$3,800.00 ◆ NFA Fee = \$5,000.00 ◆ B + L Fee = \$8,800.00 ◆ SUB-TOTAL = \$52,775.00 	N/A

TRAIL NOT IN TXU EASEMENT		<ul style="list-style-type: none"> ◆ 6' Trail = \$60,000.00 ◆ 34,500 SF @ \$2.50 ◆ Grading = \$15,000.00 ◆ SUB-TOTAL = \$103,750.00 	N/A
PHASE 1 PHASE 1 ELDORADO & HILLCREST ROW	<ul style="list-style-type: none"> ◆ 4' Sidewalk = \$28,600.00 ◆ 11,440 SF @ \$2.50 ◆ Irrigation = \$46,000.00 ◆ Grading = \$2,000.00 ◆ 113 Cedar = \$10,040.00 ◆ 62 Leyland = \$13,400.00 ◆ 12 Red Oak = \$5,800.00 ◆ 15 D. Willow = \$4,000.00 ◆ Survey Staking = \$1,800.00 ◆ NFA Fee = \$4,750.00 ◆ B + L Fee = \$4,800.00 ◆ SUB-TOTAL = \$121,190.00 	<ul style="list-style-type: none"> ◆ Iron Fence = \$20,800.00 ◆ (660 LF Across Amenity) ◆ Grading = \$25,000.00 ◆ SUB-TOTAL = \$45,000.00 	N/A
GLADSTONE ENTRY	<ul style="list-style-type: none"> ◆ 4' Sidewalk = \$2,940.00 ◆ SUB-TOTAL = \$2,940.00 	<ul style="list-style-type: none"> ◆ Hardscape = \$75,000.00 ◆ 4) Towers; 108 LF of Stone Wall; 2 Cast Stone Signs ◆ Irrigation = \$5,500.00 ◆ Entry Lighting = \$20,000.00 (Including Elec. Service) ◆ 15 Red Oak = \$8,500.00 ◆ 11 D. Willow = \$4,000.00 ◆ 4,560 SF of Bed = \$16,960.00 ◆ 18 SY of Sod = \$200.00 ◆ Survey Staking = \$500.00 ◆ NFA Fee = \$4,750.00 ◆ B + L Fee = \$12,500.00 ◆ SUB-TOTAL = \$147,910.00 	N/A
	<ul style="list-style-type: none"> ◆ Sidewalk = \$2,940.00 ◆ SUB-TOTAL = \$2,940.00 	<ul style="list-style-type: none"> ◆ Hardscape = \$47,000.00 ◆ 116 LF of Stone Wall; 2 Cast 	

<p style="text-align: center;">TURF LANE ENTRY</p>	<p style="text-align: right;">♦ Sidewalk = \$2,940.00 ♦ SUB-TOTAL = \$2,940.00</p>	<p style="text-align: right;">♦ Irrigation = \$5,500.00 ♦ Entry Lighting = \$20,000.00 ♦ 15 Red Oak = \$8,500.00 ♦ 11 D. Willow = \$4,000.00 ♦ 4,560 SF of Bed = \$16,960.00 ♦ 18 SY of Sod = \$200.00 ♦ Survey Staking = \$500.00 ♦ NFA Fee = \$4,750.00 ♦ B + L Fee = \$12,500.00 ♦ SUB-TOTAL = \$119,910.00</p>	<p style="text-align: center;">N/A</p>
<p style="text-align: center;">HALIFAX ENTRY</p>	<p style="text-align: right;">♦ Hardscape = \$47,000.00 ♦ Irrigation = \$5,500.00 ♦ Entry Lighting = \$20,000.00 ♦ 15 Red Oak = \$8,500.00 ♦ 11 D. Willow = \$4,000.00 ♦ 4,560 SF of Bed = \$16,960.00 ♦ 18 SY of Sod = \$200.00 ♦ Survey Staking = \$500.00 ♦ NFA Fee = \$2,000.00 ♦ B + L Fee = \$8,000.00 ♦ SUB-TOTAL = \$112,660.00</p>	<p style="text-align: right;">♦ Sidewalk = \$2,940.00 ♦ SUB-TOTAL = \$2,940.00</p>	<p style="text-align: center;">N/A</p>
<p style="text-align: center;">PHASE 2 HILLCREST ROW</p>	<p style="text-align: right;">♦ 6' Sidewalk = \$13,500.00 5,400 SF @ \$2.50 ♦ Irrigation = \$5,050.00 ♦ Grading = \$2,000.00 ♦ 39 Cedar = \$4,120.00 ♦ 17 Leyland = \$4,400.00 ♦ Survey Staking = \$900.00 ♦ NFA Fee = \$6,000.00 ♦ B + L Fee = \$4,500.00 ♦ SUB-TOTAL = \$40,170.00</p>	<p style="text-align: center;">N/A</p>	<p style="text-align: center;">N/A</p>
	<p style="text-align: right;">♦ 4' Sidewalk = \$2,940.00 ♦ SUB-TOTAL = \$2,940.00</p>	<p style="text-align: right;">♦ Hardscape = \$47,000.00 ♦ Irrigation = \$5,500.00</p>	

<p>PHASE 2 ENTRY (North of Eldorado)</p>		<ul style="list-style-type: none"> ◆ Buy Lighting = \$10,000.00 ◆ 15 Red Oak = \$8,500.00 ◆ 11 D. Willow = \$4,000.00 ◆ 4,560 SF of Bed = \$16,960.00 ◆ 18 SY of Sod = \$200.00 ◆ N FA Fee = \$2,000.00 ◆ B + L Fee = \$8,500.00 ◆ SUB-TOTAL = \$102,660.00 	N/A
SUB-TOTALS	\$209,170.00	\$1,290,065.00	\$643,875.00
CONTINGENCY 15%	\$31,375.50	\$193,509.00	\$96,581.00
<p>OPEN SPACE LAND</p> <ol style="list-style-type: none"> 1. Lake Area 2. Trail System 3. Eldorado & Hill-crest Open Space <p>(29 Acres at \$50,000.00/A; 9.7 Acres of Flood Plain at \$25,000.00/A)</p>	N/A	\$1,692,500.00	N/A
<ol style="list-style-type: none"> 1. Legal 2. Cost to Sell Bonds 3. Cost to administer bonds 	N/A	\$100,000.00	N/A
TOTALS	\$240,545.00	\$3,276,074.00	\$740,456.00

TOTAL BUDGET: \$4,257,075.00

Gross Acres :	285.0 Acres
Less:	
Flood Plain:	9.7 Acres
ONCOR Easement:	<u>6.5 Acres</u>
NET ACRES:	268.8 Acres

NOTE: The above prices are estimates only; subject to change after bidding process is complete.

**DOMINION AT PANTHER CREEK HOMEOWNER ASSOCIATION
PID/HOA COST ALLOCATION**

EXPENSES:	Proforma Completion Budget	PID Allocated Cost	Budget Percentages	HOA Allocations	Budget Percentages
Utilities					
Phone	720	-	0%	720	100%
Water	54,000	42,120	78%	11,880	22%
Electric	12,000	1,200	10%	10,800	90%
Total Utilities	<u>66,720</u>	<u>43,320</u>	<u>65%</u>	<u>23,400</u>	<u>35%</u>
Landscape Maintenance					
Landscape Maint. - Contract	112,000	86,240	77%	25,760	23%
Rough/Trail Area Mowing	6,000	6,000	100%		0%
Seasonal Color	10,000	-	0%	10,000	100%
Landscape Maintenance and Repair	5,000	2,000	40%	3,000	60%
Irrigation Repairs	5,000	2,000	40%	3,000	60%
Total Landscape Maintenance	<u>138,000</u>	<u>96,240</u>	<u>70%</u>	<u>41,760</u>	<u>30%</u>
Common Area Maintenance					
Lake Maintenance	5,000	5,000	100%		0%
Grounds Porter	5,000	4,000	80%	1,000	20%
Lights Maintenance	2,000	-	0%	2,000	100%
Playground Maintenance and Repair	1,000	1,000	100%		0%
Common Area Miscellaneous Expenses	2,000	1,000	50%	1,000	50%
Total Common Area Maintenance	<u>15,000</u>	<u>11,000</u>	<u>73%</u>	<u>4,000</u>	<u>27%</u>
Amenity Center/Pool Maintenance					
Pool Contract Maintenance	18,000	-	0%	18,000	100%
Pool Chemicals	4,500	-	0%	4,500	100%
Pool Repairs and Maintenance	4,200	-	0%	4,200	100%
Pool Porter Service	4,500	-	0%	4,500	100%
Pool Cabana Repairs and Maintenance	4,000	-	0%	4,000	100%
Access Cards	1,000	-	0%	1,000	100%
Pool Permits	450	-	0%	450	100%
Total Amenity Center/Pool Maintenance	<u>36,650</u>	<u>-</u>	<u>0%</u>	<u>36,650</u>	<u>100%</u>
General Administrative					
Professional Management	40,000	5,000	13%	35,000	88%
Administrative Supplies & Expenses	4,500	-	0%	4,500	100%
Annual Review/Tax Return Preparation	2,000	500	25%	1,500	75%
Collection Fees	1,000	-	0%	1,000	100%
Newsletter	2,000	-	0%	2,000	100%
Website Maintenance	2,000	-	0%	2,000	100%
Social	3,000	-	0%	3,000	100%
Total General Administrative	<u>54,500</u>	<u>5,500</u>	<u>10%</u>	<u>49,000</u>	<u>90%</u>
Insurance and Taxes					
Director and Officers Insurance	2,500	-	0%	2,500	100%
Texas Commercial Property Policy	9,000	-	0%	9,000	100%
Excess Liability Insurance	750	-	0%	750	100%
Property Taxes	8,000	-	0%	8,000	100%
Total Insurance and Taxes	<u>20,250</u>	<u>-</u>	<u>0%</u>	<u>20,250</u>	<u>100%</u>
Total Expenses	331,120	156,060	47%	175,060	53%

**DOMINION AT PANTHER CREEK HOMEOWNERS ASSOCIATION
2005 PROFORMA BUDGET**

900 total lots

	2004 BUDGET	2004 JAN-SEPT.	2005 BUDGET	438 lots
INCOME				
83 Lots/@ \$480 per lot	39,840	29,418	30,240	63 Lots/@ \$480 per lot
Late/Collections Fees Income			43,200	144 sales @ avg. \$300 a lot
Interest Income				
Other Income				
Total Income	<u>39,840</u>	<u>29,418</u>	<u>73,440</u>	

EXPENSES:

Utilities

Electric	8,000	1,010	15,000
Water	38,000	1,141	30,000
Telephone	600		1,400
Total Utilities	<u>46,600</u>	<u>2,151</u>	<u>46,400</u>

Landscape Maintenance

Landscape Maint. - Contract	80,000	7,912	68,000
Rough/Park and Trails	6,000		4,000
Seasonal Color	6000		7,500
Winter Rye			included
Landscape Maintenance and Repair			1,200
Tree and Shrub Maintenance	1,500		2,000
Tree and Shrub replacements	1,500		1,500
Irrigation Repairs	3,000		2,000
Total Landscape Maintenance	<u>98,000</u>	<u>7,912</u>	<u>86,200</u>

Common Area Maintenance

Fence and Wall Maintenance			
Grounds Porter	2,000		3,000
Lights Maintenance			400
Play Equipment and Maintenance			
Playground Maintenance and Repair			
Street and Parking Lot Maintenance			300
Pest Control			350
Holiday Décor			3,000
Common Area Miscellaneous Expenses			2,000
Total Common Area Maintenance	<u>2,000</u>	<u></u>	<u>9,050</u>

Amenity Center/Pool Maintenance

Pool Contract Maintenance	11,000		10,000
Pool Chemicals	3,000		3,000
Pool Supplies and Equipment			1,500
Pool Repairs and Maintenance	1,000		1,000
Pool Fence and Maintenance			
Pool Cabana Repairs and Maintenance	1,000		1,000

Pool Furniture			
Access Cards	5,000		5,000
Pool Gate			600
Pool Porter Service	4,000		4,000
Pool Signs			500
Pool Permits	450		500
Miscellaneous Amenities Expense			500
Total Amenity Center/Pool Maintenance	<u>25,450</u>	<u> </u>	<u>27,600</u>
General Administrative			
Professional Management	7,500	1,000	9,000
Administrative Supplies & Expenses	1,500	324	1,500
Annual Review/Tax Return Preparation			1,000
Collection Fees	240		600
Newsletter	1,000		1,200
Website Maintenance	2,000		1,000
Social	1,000		1,200
Signs	120		120
Bad Debt Expense			
Meeting Expense			300
Total General Administrative	<u>13,360</u>	<u>1,324</u>	<u>15,920</u>
Committees			
Landscape			
Social			
Communications			
Welcome			
Architectural			
Total Committees	<u> </u>	<u> </u>	<u> </u>
Insurance and Taxes			
Director and Officers Insurance	1,700		1,700
Texas Commercial Property Policy	7,500		6,000
Excess Liability Insurance			500
Property Taxes			
Federal Income Taxes			
Total Insurance and Taxes	<u>9,200</u>	<u> </u>	<u>8,200</u>
Total Expenses	<u>194,610</u>	<u>11,387</u>	<u>193,370</u>
OPERATING INCOME	(154,770)	18,031	(119,930)
NET INCOME	<u>(154,770)</u>	<u>18,031</u>	<u>(119,930)</u>

HOA Budget/Dominion at Panther Creek
For the period January Through December
Submittal date: 08/27/03

	mid pt				
	83	320	560	800	900
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
REVENUE PROJECTIONS					
Dues Collected from Homeowners - \$480 per Lot	39,840	153,600	268,800	384,000	432,000
Total Revenues	39,840	153,600	268,800	384,000	432,000
EXPENSE PROJECTIONS					
Utilities					
Telephone	600	720	720	720	720
Water	38,000	45,000	45,000	45,000	45,000
Electric	8,000	11,500	12,000	12,000	12,000
Total Utilities	46,600	57,220	57,720	57,720	57,720
Grounds:					
Landscape Maint. - Contract	80,000	109,000	112,000	112,000	112,000
Dedicated Parks and Trails (6 mows)	6,000	6,000	6,000	6,000	6,000
Color	6,000	10,000	10,000	10,000	10,000
Landscape Improvements	3,000	4,000	5,000	5,000	5,000
Grounds Porter	2,000	3,000	3,000	3,000	3,000
Irrigation Repairs	3,000	4,000	5,000	5,000	5,000
Grounds Misc.	2,000	2,000	4,000	5,000	5,000
Total Grounds	102,000	138,000	145,000	146,000	146,000
Amenities / Recreation					
Playground Maintenance ?					
Pool Maintenance	11,000	18,000	18,000	18,000	18,000
Porter Service	4,000	4,000	4,200	4,400	4,500
Pool Permit	450	450	450	450	450
Pool Chemicals	3,000	4,000	4,200	4,400	4,500
Pool Repairs and Supplies	1,000	2,000	3,000	4,000	4,200
Pool Cabana Repair	1,000	2,000	3,000	3,000	4,000
Access Cards (Initial Stock of 1,000 Cards) ????	5,000			5,000	
Total Amenities	25,450	30,450	32,850	39,250	35,650
Administrative					
Administraive Supplies	1,500	2,500	3,000	3,000	3,500
Social / Meetings	1,000	1,500	3,000	3,000	3,000
Newsletter / Directory	1,000	2,000	2,000	2,000	2,500
Website Maintenance	2,000	2,000	2,000	2,000	2,000
Professional Management	7,500	12,000	18,000	24,000	30,000
Legal	240	240	240	240	240
Bank Charges	120	120	120	120	120
Annual Audit		1,400	1,400	1,500	1,500
Total Administrative	11,860	19,260	26,760	32,860	39,360
Insurance					
Property	7,500	7,500	8,000	8,500	8,500
Directors & Officers Policy	1,700	1,700	2,000	2,500	2,500
Total Insurance	9,200	9,200	10,000	11,000	11,000
Total Expenses	\$ 195,110	\$ 254,130	\$ 272,330	\$ 286,830	\$ 289,730
OPERATING INCOME	\$ (155,270)	\$ (100,530)	\$ (3,530)	\$ 97,170	\$ 142,270

435 Lots Phase 1
900 Total Lots

Phase 1
463,955
X .23
106,709

Phase 2
483,005
X .23
111,092