

**FIRST AMENDMENT
TO THE
FIRST AMENDED MUTUAL BENEFIT AGREEMENT**

The Undersigned, for and in consideration of the mutual covenants, conditions, benefits, burdens, obligations, duties and responsibilities contained herein, hereby amend Article V of the First Amended Mutual Benefit Agreement dated July 1, 1998 ("First Amended MBA") to read as follows:

V.

DEVELOPMENT STANDARDS COMMITTEE

5.1 Members of DSC. From the date of this agreement until the earliest to occur of (i) the termination or completion of improvements which are the subject of all Developer DSC Functions which were extended pursuant to Paragraph 5.2 B) below, (ii) any of the conditions described in paragraphs A), B) or C) of Article X below, (iii) the relinquishment by TWLDC of its rights under this Paragraph 5.1, or (iv) June 30, 2013, WCA agrees to appoint to the WCA Development Standards Committee (the "DSC") three persons designated from time to time by TWLDC, who have experience in architecture, engineering, contracting, building code enforcement or a related field ("Professional Credentials"). The remaining members of the DSC will be persons designated by WCA, after consultation with TWLDC. Persons designated by WCA will be appointed to one year terms, and will be subject to removal by WCA at any time without cause.

5.2 DSC Functions.

A) Developer DSC Functions. From the date of this Amendment through June 30, 2008, unless extended as provided herein, Developer DSC Functions means all DSC functions with regard to:

- i) initial construction of all structures, facilities and improvements, including land used for residential, commercial, office, retail, industrial, institutional, or any other uses, located or which may be located on the Developer DSC Area PZ as shown on attached Exhibit I,
- ii) initial construction of all structures, facilities and improvements, including land used for residential, commercial, office, retail, industrial, institutional, or any other uses, which may be located on Developer DSC Area MI as shown on attached Exhibit J,
- iii) all structures, facilities and improvements, including land used for residential, commercial, office, retail, institutional, or recreational uses,

located or which may be located on the Developer DSC Area GC as shown on attached Exhibit E,

- iv) initial construction of all residential multifamily, including apartments, condominiums and townhomes throughout the WCA Area ("Residential Multifamily"),
- v) street rights-of-way and medians for major thoroughfares and collector streets, including without limitation artwork, signs marketing TWLDC development activities in The Woodlands, golf tournament signage, and all other signs except political signs and event signs.

B) Extension of Certain Developer DSC Functions. For the period of July 1, 2008 through June 30, 2013, Developer DSC Functions shall mean only the approval of plans for the original improvements to be constructed on any portion of a parcel within Developer DSC Area PZ or Developer DSC Area MI or Developer DSC Area GC which (i) has been sold to an unrelated third party on or before June 30, 2008, or (ii) which, on June 30, 2008, is being developed in phases over time by TWLDC or an Affiliate, and there is (a) a concept design and master plan for the tract which has been approved by the DSC and (b) construction, as evidenced by the pouring of a concrete slab, has begun on at least one building on the tract.

C) Residential DSC Functions. Residential DSC Functions means all DSC functions not specified in paragraph 5.2 A) above, including without limitation all DSC functions with regard to:

- i) land used for residential purposes, except land used for the initial construction of Residential Multifamily structures and land within Developer DSC Area PZ, Developer DSC Area MI and Developer DSC Area GC used for the initial construction of single family detached residences
- ii) parks, lakes, pathways and open space reserves
- iii) land used for commercial, office, retail, industrial, institutional or any other use, except land within Developer DSC Area PZ, Developer DSC Area MI and Developer DSC Area GC
- iv) street rights-of-way and medians for streets other than major thoroughfares and collector streets, and political signs and event signs within all street rights-of-way
- v) from and after July 1, 2008, all functions previously referred to as Developer DSC Functions, except the functions set out in Paragraph 5.2 B) above, and

- vi) from and after the earlier to occur of June 30, 2013 or the completion or termination of any Developer DSC Functions which were extended as provided for in Paragraph 5.2 B) above, all DSC functions shall become Residential DSC Functions.

D) Standards Applicable to Developer DSC Area GC. All structures, facilities and improvements within the Developer DSC Area GC must comply with the applicable Initial or Amended Land Use Designation; depending upon use, the Commercial Planning and Design Standards adopted by the DSC from time to time ("Commercial Planning and Design Standards") or the Residential Development Standards dated February 1, 1996, as they may have been amended through June 30, 2003 ("Developer Residential Development Standards"), whichever standards are applicable; and the Golf Course Development Standards ("Golf Course Development Standards") attached hereto as Exhibit F.

E) Standards Applicable to Developer DSC Area PZ.

i) All structures, facilities and improvements within the Developer DSC Area PZ must comply with the applicable Initial or Amended Land Use Designation, imposed or to be imposed by TWLDC, and depending upon use, the Commercial Planning and Design Standards or the Developer Residential Development Standards, whichever standards are applicable.

(ii) Within 0-200 feet inside of the west boundary of the Developer DSC Area PZ, adjacent to the Lake Woodlands shoreline, building heights may not exceed the greater of eight (8) stories, or 115 feet above natural grade, without approval by a 2/3rd vote of all DSC members. Within 201-400 feet inside of the west boundary of the Developer DSC Area PZ, building heights may not exceed the greater of twelve (12) stories, or 180 feet above natural grade, without approval by a 2/3 vote of all DSC members. As to the remainder of the Developer DSC Area PZ, building heights may not exceed the greater of sixteen (16) stories, or 240 feet above natural grade, without approval by a 2/3 vote of all DSC members.

(iii) No beacon or strobe lights visible from the boundary of the tract will be permitted, except as may be required by law.

F) Standards Applicable to Developer DSC Area MI.

i) All structures, facilities and improvements within the Developer DSC Area MI must comply with the applicable Initial or Amended Land Use Designation, imposed or to be imposed by TWLDC, and depending upon use, the Commercial Planning and Design Standards or the Developer Residential Development Standards, whichever standards are applicable. Notwithstanding anything contained herein to the contrary Developer will restrict the Developer

DSC Area MI in the Initial Land Use Designation(s) to residential, office, commercial, institutional, and/or recreational uses, and will specifically prohibit retail uses except retail uses ancillary, or incidental, to the primary use(s). "Retail use" shall mean sale at retail or display of goods, merchandise, wares and services, including but not limited to restaurants. No Initial Land Use Designation covering any portion of this tract will permit use for a commercially operated amusement park. No Amended Land Use Designation for this tract will be filed for record permitting use for a commercially operated amusement park without approval by a 2/3rd vote of all DSC members.

ii) Building heights may not exceed the greater of six (6) stories, or 90 feet above natural grade, without approval by a 2/3rd vote of all DSC members; and

iii) No beacon or strobe lights visible from the boundary of the tract will be permitted, except as may be required by law.

G) Standards applicable to Residential Multifamily. The initial construction of all Residential Multifamily structures must comply with the applicable Initial or Amended Land Use Designation imposed or to be imposed by TWLDC, the Commercial Planning and Design Standards, and if within the Developer DSC Area GC, the Golf Course Development Standards. Variances from the Golf Course Development Standards require a 2/3rd vote of all DSC members. Building heights for Residential Multifamily structures with Developer DSC Area PZ and Developer Area MI must comply with the applicable height limitations set out in Paragraphs 5.2 E) and 5.2 F) above. Residential Multifamily structures within Tract WAC, as described on attached Exhibit K, may not exceed the greater of four (4) stories or sixty (60) feet above natural grade, without approval by a 2/3rd vote of all DSC members.

H) Amendment of Standards and Variances to Standards. The Commercial Planning and Design Standards, the Developer Residential Development Standards, and the Golf Course Development Standards may be modified, altered or amended only by 2/3rd vote of all DSC members. Nothing herein shall be construed to affect or limit the right of the DSC to modify, alter or amend the Residential Development Standards as they apply to the Residential DSC Functions by a majority vote of the WCA appointees present and voting at a duly called and held meeting of the DSC. Variances from the Commercial Planning and Design Standards, the Developer Residential Development Standards, and Golf Course Development Standards require a 2/3rd vote of all members of the DSC.

I) Release of Developer DSC Functions. TWLDC may at any time relinquish its right to conduct one or more of the Developer DSC Functions by written notice to WCA, in which case the function will become a Residential DSC Function subject to WCA indemnity as described in Paragraph 5.8; provided that WCA will remain indemnified by TWLDC in accordance with Paragraph 5.7 against any liability with regard to that DSC function arising prior to the effective date of the TWLDC notice.

J) Conflict between Applicable Standards. Where the Commercial Planning and Design Standards are applicable, in the event of a conflict between the Commercial Planning and Design Standards and any other DSC promulgated rule, regulation, or directive, except the Golf Course Development Standards, if applicable, the Commercial Planning and Design Standards will control. Where the Developer Residential Development Standards are applicable, in the event of a conflict between the Developer Residential Development Standards and any other promulgated rule, regulation, or directive, except the Golf Course Development Standards, if applicable, the Developer Residential Development Standards will control. In the event of a conflict between the Golf Course Development Standards and any other DSC promulgated rule, regulation or directive, the Golf Course Development Standards will control.

5.3 Delegation of DSC Authority.

A) With respect to review of plans and specifications for initial construction of single family detached residences except as may be located in the Developer DSC Area PZ, the Developer DSC Area MI, and the Developer DSC Area GC, WCA and TWLDC agree as follows:

- i) DSC shall delegate to one or more WCA designated DSC members with Professional Credentials ("WCA Appointee") and one or more TWLDC designated DSC members with Professional Credentials ("TWLDC Appointee") the right to approve Plans and Specifications in accordance with the authority set out in Section 9.05 of the WCA Covenants.
 - ii) Plans and specifications for initial construction of single family detached residences, together with all required documentation, ("Plans and Specifications") will be submitted to a Texas licensed architect mutually agreed to in writing by the WCA designated and TWLDC designated members of the DSC ("Approved Architect"). The architect(s) set out on Exhibit L attached hereto shall each be deemed an Approved Architect. There may be more than one Approved Architect.
 - iii) After review and approval by an Approved Architect, the Plans and Specifications will be transmitted to the WCA Appointee for approval. If the WCA Appointee does not act on the Plans and Specifications within 3 business days (Monday through Friday, legal holidays excepted) following receipt of all required plans, specifications, application forms and fees, not including holidays, the Plans and Specifications will be transmitted to the TWLDC Appointee for review and approval.
- B) Except as provided in 5.3(A) above, no DSC functions shall be delegated to one or more members of the DSC without approval by 2/3^s of all DSC members.

5.4 Deference. TWLDC will cause the DSC members designated by TWLDC to give all reasonable deference and regard to the opinions, objectives and requests of the DSC members designated by WCA in casting votes regarding the Residential DSC Functions, and WCA will cause the DSC members designated by WCA to give all reasonable deference and regard to the opinions, objectives and requests of the DSC members designated by TWLDC in casting votes with regard to the Developer DSC Functions. DSC members will not be obligated to give deference to the opinions, objectives and requests of other DSC members with regard to any DSC action or decision which requires a 2/3rd of all members vote under the provisions of this Amendment.

5.5 Record of DSC Actions. The rules of the DSC will require that a record of all actions taken by members of the DSC will be promptly entered into the official minutes of the DSC. Notwithstanding the foregoing, the rules will require that copies of all plans for the initial construction of single family residential structures, and the action of the DSC with respect to such plans will be entered in the minutes of the DSC not later than the commencement of construction of the improvements, and that copies of plans for all improvements other than single family residential structures, and the action of DSC with respect to such plans, will be entered in the minutes of the DSC not later than one week prior to the commencement of construction of the improvements. The requirements of this paragraph will not apply to a) improvements within the exterior walls of a building, b) improvements performed by persons other than TWLDC or an Affiliate for which no plans were submitted to the DSC, and c) work required due to an emergency condition. Inadvertent failure to comply with the requirements of this paragraph with reference to improvements having a value of less than \$50,000 will not constitute a material violation of this agreement. For purposes of this paragraph, the commencement of construction means the pouring of concrete foundations or footings for new construction, or the actual commencement of on-site building activity in the case of repairs or alterations.

5.6 DSC Staff Support. WCSC agrees to provide to each association which is a party to the MBA all required staff support services for the DSC functions, including the preparation of standards and field monitoring for compliance.

5.7 Compensation of DSC Members. Members of the DSC designated by TWLDC will receive no compensation from WCA or WCSC for their service as a member of the DSC.

5.8 TWLDC Indemnity. TWLDC agrees to defend, indemnify and hold WCA harmless from any cost, liability or damage, including attorney fees, arising from:

- A) acts or omissions of the DSC prior to August 23, 1992,
- B) acts or omissions of the DSC members designated by TWC or TWLDC from August 23, 1992 through the date of this agreement,
- C) acts or omissions of the DSC after the date of this agreement with regard to Developer DSC Functions, subject to the provisions of Paragraph 5.2 H) above,

D) an allegation of constitutionally prohibited discriminatory treatment of signs within street rights of way which are Residential DSC Functions relative to signs within street rights of way which are Developer DSC Functions, and

E) acts or omissions of the DSC after the date of this agreement with regard to a Residential DSC Function if the majority vote of the WCA designated DSC members voting was defeated by the vote of the TWLDC designated members.

WCA will give TWLDC immediate notice of any claims, suits or actions against WCA which WCA contends come within the scope of the TWLDC indemnity. The notice will describe the nature of the suit or claim and include copies of all pleadings and correspondence in the possession of WCA setting forth the nature or basis of the suit or claim. Within ten (10) days of receipt of the notice TWLDC will give notice to WCA confirming to WCA that it will provide WCA a defense in the suit or action described in the notice or stating with particularity why, in its opinion, the matter is not subject to the indemnification required by this Paragraph. When defending a matter covered by this indemnity, TWLDC will have the right to select the attorneys to represent WCA, which attorneys may be the same attorneys who represent TWLDC, subject to the approval of WCA, which approval will not be unreasonably withheld or delayed. WCA will cooperate with TWLDC in the defense of WCA. TWLDC will have the right to control the defense of WCA and to settle the case.

5.9 WCA Indemnity. WCA agrees to defend, indemnify and hold TWLDC harmless from any cost, liability or damage, including attorneys fees, arising from (A.) any act or omission of the DSC members designated by WCA, from and after August 23, 1992 through the date of this agreement, (B.) any act or omission of the DSC after the date of this agreement with regard to Residential DSC Functions, and (C.) acts or omissions of the DSC after the date of this agreement with regard to a Developer DSC Function if the majority vote of the TWLDC designated DSC members voting was defeated by the vote of the WCA designated members. TWLDC will give WCA immediate notice of any claims, suits or actions against TWLDC which TWLDC contends come within the scope of the WCA indemnity. The notice will describe the nature of the suit or claim and include copies of all pleadings and correspondence in the possession of TWLDC setting forth the nature or basis of the suit or claim. Within ten (10) days of receipt of the notice WCA will give notice to TWLDC confirming to TWLDC that it will provide TWLDC a defense in the suit or action described in the notice or stating with particularity why, in its opinion, the matter is not subject to the indemnification required by this Paragraph. When defending a matter covered by this indemnity, WCA will have the right to select the attorneys to represent TWLDC, which attorneys may be the same attorneys who represent WCA, subject to the approval of TWLDC, which approval will not be unreasonably withheld or delayed. TWLDC will cooperate with WCA in the defense of TWLDC. WCA will have the right to control the defense of TWLDC and to settle the case.

5.10 DSC Jurisdiction. The DSC will have no jurisdiction over any land except the WCA Area.

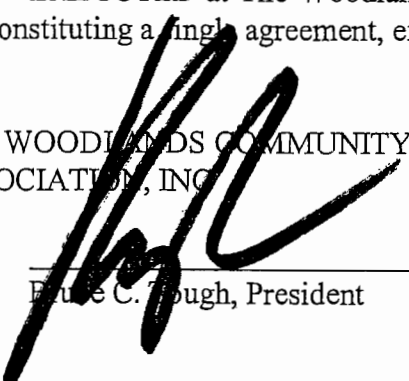
5.11 DSC and Development Records. TWLDC agrees to make available to WCA and WCSC, upon request and at TWLDC's cost, one copy of any maps, engineering data, recorded plats, recorded covenants, recorded initial land use designations, DSC records and other documents as may be necessary for the operation of the DSC and the Residential Design Review Committees within the WCA Area. Additional copies of any such records or documents will be provided to WCA and WCSC at a reasonable charge.

Exhibit E to the First Amended MBA is deleted in its entirety and the attached Exhibit E is inserted in its stead. The attached Exhibits I, J, K, and L are incorporated into the First Amended MBA for all purposes.

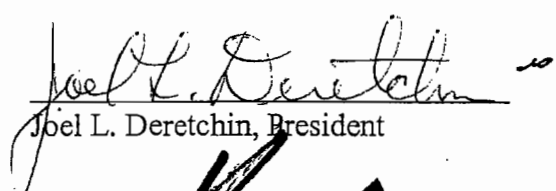
Except as specifically provided herein, all of the terms, provisions, covenants, and conditions of the First Amended MBA are hereby ratified and confirmed and shall continue in full force and effect.

EXECUTED at The Woodlands, Texas, in multiple counterparts, each of equal dignity, but constituting a single agreement, effective the 1st day of July, 2003.


THE WOODLANDS COMMUNITY ASSOCIATION, INC.

By: 
Bruce C. Tough, President

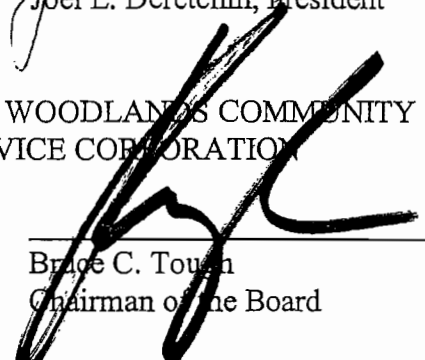
THE WOODLANDS ASSOCIATION, INC.

By: 
Joel L. Deretchin, President

THE WOODLANDS COMMERCIAL OWNERS ASSOCIATION

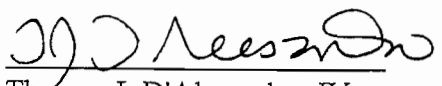
By: 
Eric Wojner, President

THE WOODLANDS COMMUNITY SERVICE CORPORATION

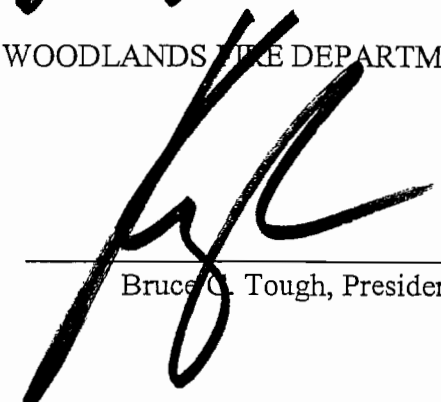
By: 
Bruce C. Tough
Chairman of the Board

THE WOODLANDS LAND DEVELOPMENT COMPANY, L.P., a Texas limited partnership

By: The Woodlands Operating Company, L.P.
its authorized agent

p By: 
Thomas J. D'Alesandro, IV
President and Chief Executive Officer

THE WOODLANDS FIRE DEPARTMENT, INC.

By: 
Bruce C. Tough, President



The Woodlands Exhibit E

Sheet 1 of 4 (06/04/98)

LEGEND

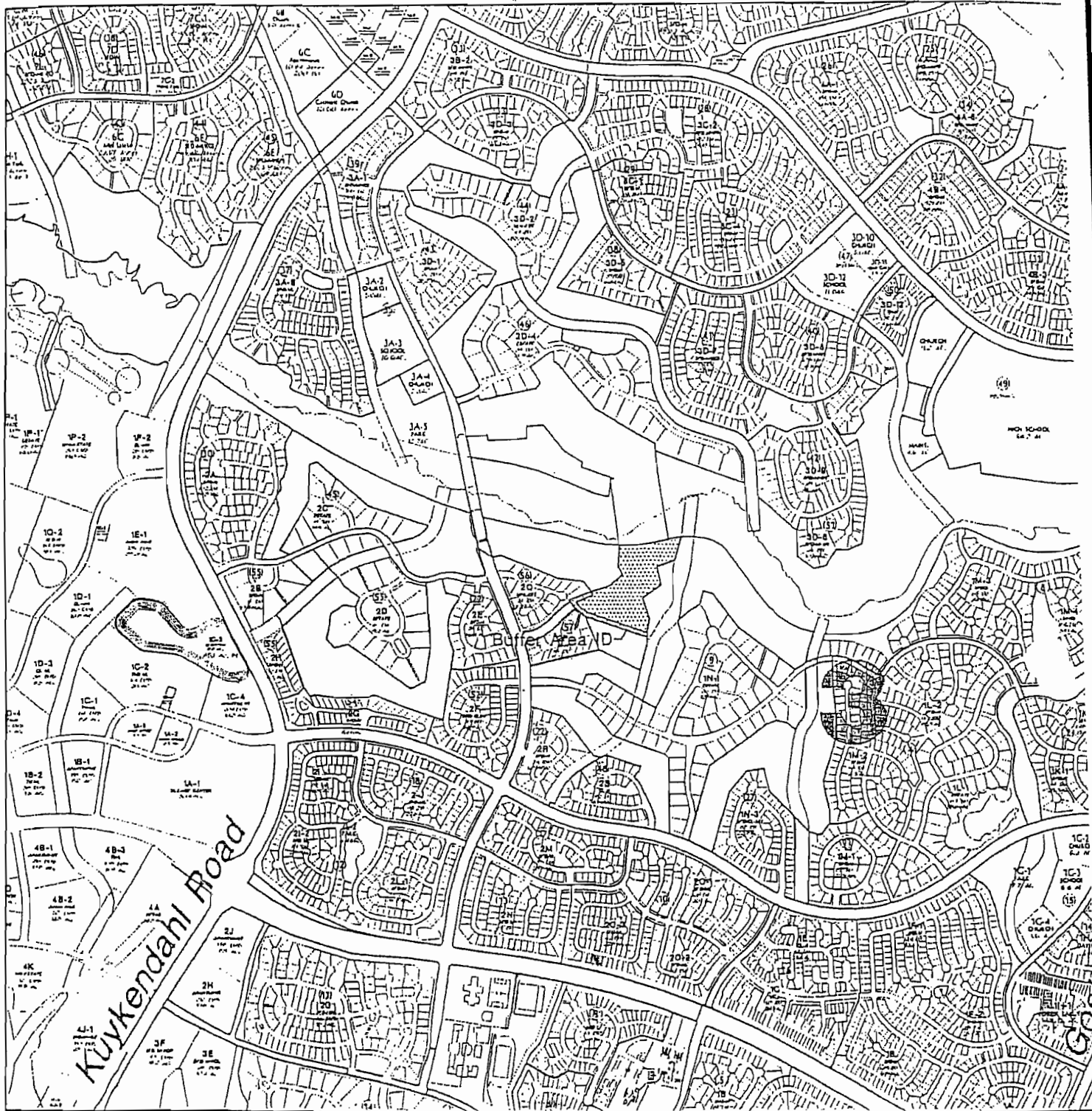


Developer DSC Area GC

(Revised Legend Only 07/02/03)

Note
 This map or drawing is a preliminary concept plan only. It is not a recorded plat and the boundaries and other information herein are subject to change at any time without notice.

 NORTH	
-----------	--



The Woodlands Exhibit E

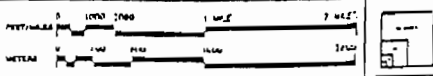
Sheet 2 of 4 (06/04/98)

LEGEND

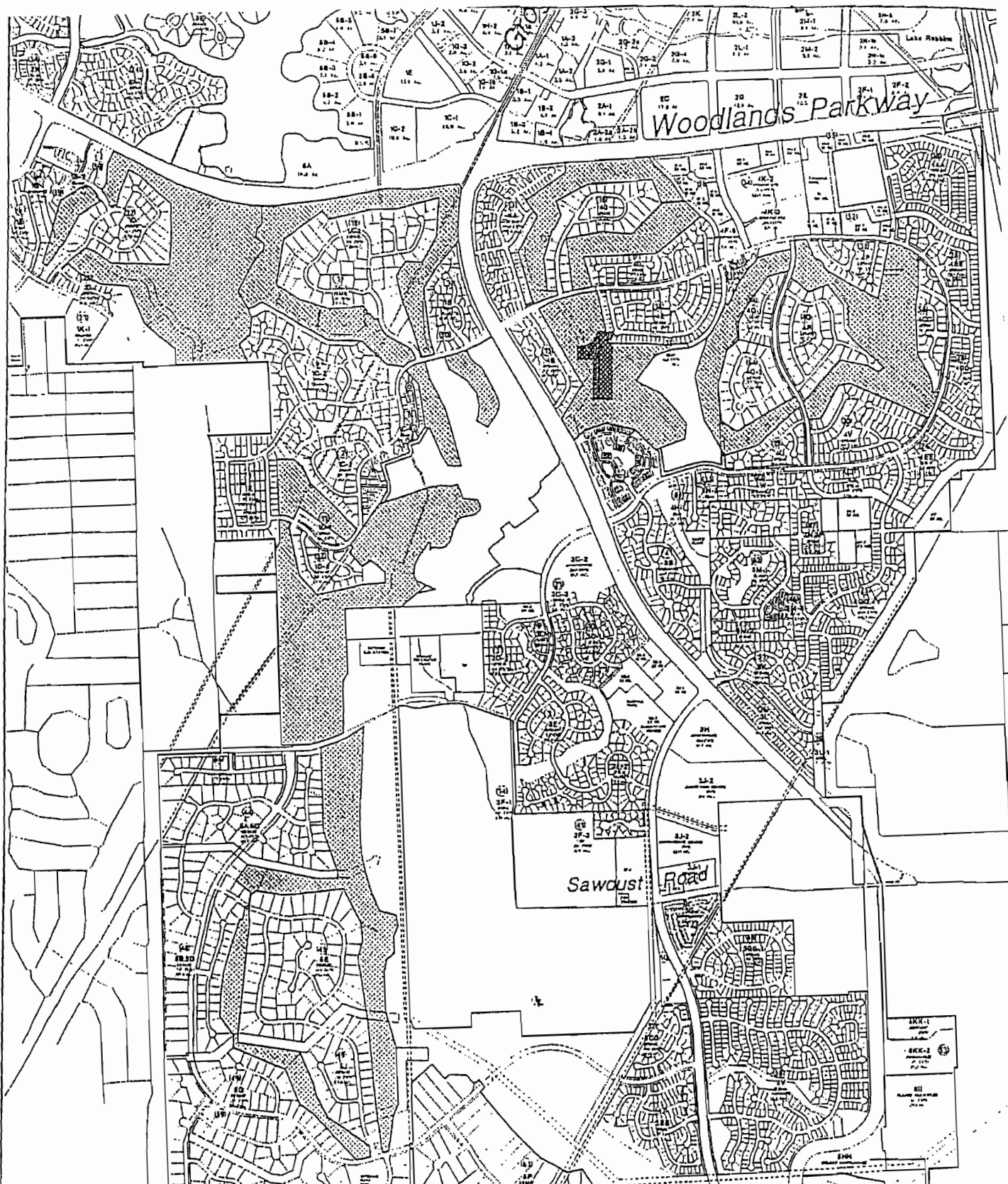
 Developer DSC Area GC

(Revised Legend Only 07/02/03)

Note:
This map or drawing is a preliminary concept plan only, is not a recorded plat, and the boundaries and other information hereon are subject to change at any time without notice.



Prepared by:
The Woodlands Operating Company, L.P.
Montgomery County, Texas



The Woodlands Exhibit E

Sheet 3 of 4 (06/04/98)

LEGEND



Developer DSC Area GC

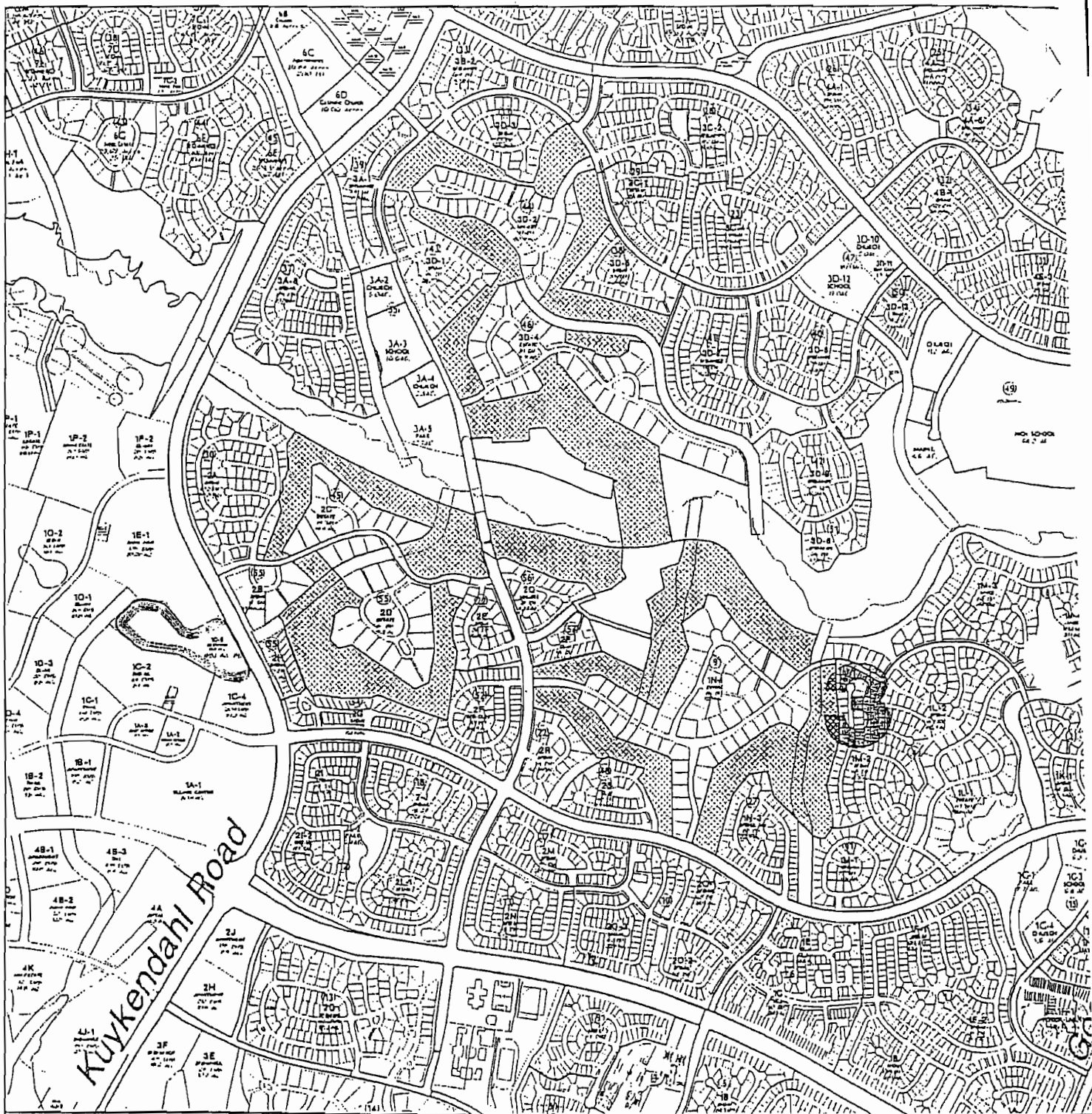
(Revised Legend Only 07/02/03)

Note:
This map or drawing is a preliminary concept plan only, is not a recorded plat, and the boundaries and other information hereon are subject to change at any time without notice.

Scale:
1" = 100'

North Arrow:
NORTH

The Woodlands Operating Company, L.P.
Montgomery County, Texas



The Woodlands Exhibit E

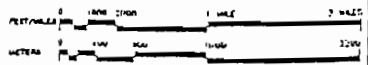
Sheet 4 of 4 (06/04/98)

LEGEND

 Developer DSC Area GC

(Revised Legend Only 07/02/03)

Note:
This map or drawing is a preliminary concept plan only, is not a recorded plat and the boundaries and other information herein are subject to change at any time without notice.



Prepared by:
The Woodlands Operating Company, L.P.
Montgomery County, Texas

