

CITY OF MESQUITE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(HEARTLAND TOWN CENTER PUBLIC IMPROVEMENT DISTRICT PHASE #1
PROJECT)

CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER

This Continuing Disclosure Agreement dated as of September 1, 2018 (this “Disclosure Agreement”) is executed and delivered by and among D.R. Horton-Texas, Ltd., a Texas limited partnership (the “Developer”), David Taussig & Associates, Inc. (the “Administrator”) and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”) with respect to the “City of Mesquite, Texas, Special Assessment Revenue Bonds, Series 2018 (Heartland Town Center Public Improvement District Phase #1 Project) (the “Bonds”). The Developer, Administrator and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (as hereinafter defined) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB or the SEC, all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of September 1, 2018, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Administrator” shall mean David Taussig & Associates, Inc. or an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, identified in any indenture of trust relating to the Bonds, the District’s Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Affiliate” shall mean an entity that owns property within Phase #1 of the District and is controlled by, controls, or is under common control with the Developer, including any Subsequent Third Party Owner.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday of the State of Texas observed as such by the Issuer or the Trustee.

“Developer” shall mean D.R. Horton-Texas, Ltd., a Texas limited partnership, its successors and assigns, including any Affiliate of the Developer.

“Development Agreement” means that certain Heartland Town Center Development Agreement between the City and CADG Kaufman 146, LLC dated April 12, 2018, as assigned to the Developer pursuant to that certain Partial Assignment and Assumption of Heartland Town Center Development Agreement dated as of , 2018.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc. or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Heartland Town Center Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the twelve (12) month period from October 1 through September 30.

“Issuer” shall mean the City of Mesquite, Texas.

“Issuer Disclosure Agreement” shall mean the Continuing Disclosure Agreement of the Issuer dated as of September 1, 2018 executed and delivered by the Issuer, the Administrator and the Dissemination Agent.

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Material” shall have the meaning ascribed in 17 CFR Section 270.8b-2: “when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before buying or selling any security of the particular company.”

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Owner” shall mean the registered owner of any Bonds.

“Phase #1 Improvements” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Quarterly Improvement Implementation Report” shall mean any Quarterly Improvement Implementation Report prepared by the Administrator pursuant to, and as described in, Section 3 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Subsequent Third Party Owner” shall have the meaning assigned to such term in Section 3(f) of this Disclosure Agreement.

“Trustee” shall mean The Bank of New York Mellon Trust Company, N.A. or any successor trustee pursuant to the Indenture.

Section 3. Quarterly Improvement Implementation Reports.

(a) The Developer shall provide, or cause to be provided, to the Administrator, at its cost and expense, no more than five (5) Business Days after each calendar quarter ending March 30, June 30, September 30 and December 30 (beginning December 31, 2018), any information in its knowledge or possession or that will enable the Administrator to complete each Quarterly Improvement Implementation Report containing the information described in this Section 3 for the quarter ended within the last (5) Business Days (or cause to be provided by a Subsequent Third Party Owner as set forth in Section 3(f) herein), such information required for the preparation of each Quarterly Improvement Implementation Report during the period from the delivery of the Bonds until such time as the Developer is no longer responsible for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessments for any year.

(b) The Administrator shall provide to the Issuer and the Dissemination Agent, no later than ten (10) Business Days after each March 30, June 30, September 30 and December 30 (beginning December 31, 2018), each Quarterly Improvement Implementation Report containing the information described in this Section 3 with respect to the quarter ended within the last (10) Business Days. The Issuer shall review the information and authorize the Dissemination Agent to provide such information to the MSRB within fifteen (15) calendar days of the Dissemination Agent’s receipt thereof pursuant to this subsection 3(b).

(c) Such Quarterly Improvement Implementation Report shall include:

(i) Statement from the Developer as to the status of acquisition loans, development loans and any permanent financing, if any, with respect to any development undertaken by the Developer in Phase #1 of the District not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property in Phase #1 of the District existence of any default and remaining term;

(ii) Statement as to available funds to complete the development in Phase #1 of the District currently under construction (both Bond financed and non-Bond financed development currently under construction by the Developer);

(iii) Status of parcel and/or lot sales from the Developer to any other party by type and average pricing, as well as anticipated future absorption projections;

(iv) A statement as to material changes, if any, in the form, organization or controlling ownership of the Developer;

(v) The status of any governmental approvals (other than customary home building permits required after delivery of a finished lot) required for completion of the Phase #1 Improvements;

(vi) Any information regarding the Phase #1 Improvements or other information as may be reasonably requested by the Issuer relating to the ability of the Developer to fulfill its obligations under the Indenture or the Service and Assessment Plan, or the Development Agreement;

(vii) Written notification of any significant zoning or land use entitlement changes within Phase #1 of the District, or any other changes initiated by the Developer that affect: (1) the development within Phase #1 of the District as described in the Service and Assessment Plan, or (2) the likelihood of the timely payment of the Assessments levied on land or parcels owned by the Developer; and

(viii) Any changes to the land use designation for the property in Phase #1 of the District initiated by the Developer that affect its development for those purposes identified in the final Service and Assessment Plan, as the same may be amended and supplemented from time to time.

(d) Additionally, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Improvement Implementation Report:

(i) The number, dollar amount, and property type (e.g., developed lots, undeveloped pads, parcels, raw land) under contract with wholesale purchasers and the name of each such purchaser;

(ii) A listing of any Subsequent Third Party Owners (defined below) liable for payment of at least twenty percent (20%) of the Assessments, the amount of the levy of Assessments against the property owned by such Subsequent Third Party Owner, and the percentage of such Assessments relative to the entire levy of Assessments;

(iii) For each residential home builder, on a per quarter and running total basis, (A) the number of residential units for which construction has begun, (B) the number of residential units for which construction has been completed, (C) the number of residential units which have been sold to end users and the average sales price therefor and (D) the estimated date of completion for all residential units expected to be constructed in Phase #1 of the District;

(e) With respect to the Phase #1 Improvements, the Developer will establish an accounting and budgeting system and shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Improvement Implementation Report:

- (i) Total expected costs for design and engineering to be completed after delivery of the Bonds;
- (ii) Total expected construction budget;
- (iii) Construction budget allocated to each progress milestone;
- (iv) Forecast construction milestones by date;
- (v) Forecast completion date; and
- (vi) Forecast Issuer acceptance date.

The Developer shall prepare, within ninety (90) days of the issuance of the Bonds, a schedule reflecting the points listed above for each of the Phase #1 Improvements to be funded by the Bond proceeds. Quarterly progress reports, reflecting the points listed above, will be summarized by the Developer to reflect the progress and conformance with the overall project budget. These quarterly summaries will be filed with the Administrator for assembly into the Quarterly Improvement Implementation Report and delivered to the Issuer and the Dissemination Agent. Budget overruns in excess of \$250,000 per quarter or delays of greater than sixty (60) days will be highlighted and explained and the Developer shall include a plan to remedy the situation. The Developer's filings under this Section 3(e) will terminate after the Issuer has accepted all of the Phase #1 Improvements and Developer provides a final summary report covering the period from the date of its last preceding quarterly progress report to the date of Issuer acceptance of the Phase #1 Improvements.

(f) If the Developer sells, assigns or otherwise transfers ownership of real property in Phase #1 of the District to a third party, which results in such third party, including any Affiliate of such third party, owning property representing at least twenty percent (20%) of the total Annual Installments of the Assessments first coming due after such transfer of ownership (a "Subsequent Third Party Owner"), the Developer shall (i) require such Subsequent Third Party Owner to comply with the Developer's disclosure obligations hereunder with respect to such acquired real property or (ii) obtain a contractual commitment of the Subsequent Third Party Owner to provide such disclosure information to the Developer for use in complying with its disclosure obligations hereunder for so long as such Subsequent Third Party Owner is the owner of property liable for at least twenty percent (20%) of the total of Annual Installments of the Assessments next coming due; provided however, a Subsequent Third Party Owner shall not be required to provide the disclosure information required by Sections 3(c)(i), 3(c)(ii), 3(c)(v), 3(c)(vi), and 3(e) above unless the Subsequent Third Party Owner has assumed the obligation to construct one or more of the Phase #1 Improvements, through an assignment of the obligations, requirements or covenants under the Development Agreement or through any contractual arrangement resulting in the same, in which case the Subsequent Third Party Owner shall include the disclosure information required by Sections 3(c)(i), 3(c)(ii), 3(c)(v), 3(c)(vi), and 3(e) above for the Phase #1 Improvements it is constructing. The Developer shall deliver to the Dissemination Agent and the Issuer a written acknowledgement from each Subsequent Third Party Owner, acknowledging and assuming its obligations under this Disclosure Agreement. Upon any such transfer to a Subsequent Third Party Owner, and such Subsequent Third Party Owner's assumption of Developer's obligations under this Disclosure Agreement as to the

property transferred, Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred. For the avoidance of doubt, the Developer shall include in any transfer documents related to land purchased by any Subsequent Third Party Owner a contractual obligation to comply with the obligations of this Section 3(f) with respect to any subsequent transfers to other Subsequent Third Party Owners by such Subsequent Third Party Owner.

Section 4. Event Reporting Obligations of Developer.

(a) Pursuant to the provisions of this Section 4, each of the following is a Listed Event with respect to the Bonds:

- (i) Failure to pay any real property taxes due or any assessments levied and due within Phase #1 of the District on a parcel owned by the Developer before such taxes and Assessments become delinquent;
- (ii) Material damage to or destruction of any development or improvements, including the Phase #1 Improvements;
- (iii) Material default by the Developer on any loan with respect to the development or permanent financing of the Phase #1 Improvements or development of Phase #1 of the District undertaken by the Developer;
- (iv) Material default by the Developer on any loan secured by property within Phase #1 of the District owned by the Developer;
- (v) The bankruptcy filing of the Developer or any determination that the Developer is unable to pay its debts as they become due;
- (vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (vii) The filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the Developer which may adversely affect the completion of development in Phase #1 of the District or litigation which would materially adversely affect the financial condition of the Developer; and
- (viii) Any material change in the legal structure, chief executive officer or controlling ownership of the Developer.

Whenever the Developer obtains actual knowledge of the occurrence of a Listed Event, the Developer shall, within five (5) Business Days, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Developer shall direct the Dissemination Agent, subject to the Issuer's written approval, to immediately file a notice of such occurrence with the MSRB.

Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraph shall be accompanied with the text of the disclosure that the Developer desires to make, the written authorization of the Developer for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after Developer becomes aware of the occurrence of the Listed Event).

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Issuer and the Developer of such Listed Event. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Developer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Developer or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If the Dissemination Agent has a report from the Developer of the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within ten (10) Business Days of its receipt of such written report from the Developer.

Section 5. Termination of Reporting Obligations.

(a) The obligations of the Developer, any Subsequent Third Party Owner, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Developer, or any Subsequent Third Party Owner, is no longer responsible for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installment of Assessments for any year.

(b) At such time that neither the Developer, or any Subsequent Third Party Owner, is responsible for payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessment for any year, the Administrator shall provide written notice to the Developer, any Subsequent Third Party Owner, and the Issuer that no party is responsible for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installment of Assessments for any year (the “Termination Notice”). The Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB within ten (10) Business Days of its receipt thereof.

(c) The reporting obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or

payment in full of all of the Bonds or (ii) when the Developer and any Subsequent Third Party Owner, if any, are no longer liable for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installment of Assessments for any year and any Termination Notice required by subsection (b) of this Section 5 has been provided to the MSRB and Participating Underwriter.

Section 6. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the Developer's obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc.

Section 7. Amendment: Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed); and

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Developer shall describe such amendment in the next related Quarterly Improvement Implementation Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 7 to the Issuer.

Section 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer chooses to include any information in any Quarterly Improvement Implementation Report or notice of occurrence of a Listed Event in addition to that which is

specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the Developer or Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Developer and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer shall not be deemed a default by the Issuer under the Issuer Disclosure Agreement, and a default by the Issuer under the Issuer Disclosure Agreement shall not be deemed a default by the Developer or Administrator under the Disclosure Agreement.

Section 10. Duties. Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Developer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a financial advisory relationship with the Issuer in connection with the transaction described in the Indenture shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 4 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE DEVELOPER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DEVELOPER, THE DISSEMINATION AGENT OR THE ADMINISTRATOR, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

Section 11. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Developer, the Administrator or Dissemination Agent in other than that person's official capacity.

Section 12. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or

any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 14. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute an Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

Section 15. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

Section 16. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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DISSEMINATION AGENT:

**HTS CONTINUING DISCLOSURE
SERVICES, a Division of Hilltop
Securities, Inc.**

By: _____
Name _____
: _____
Title: _____

ADMINISTRATOR:

DAVID TAUSSIG & ASSOCIATES, INC.

By: _____
Name _____
: _____
Title: _____

DEVELOPER:

D.R. HORTON – TEXAS, LTD., a Texas limited partnership

By: D. R. HORTON, INC.,
a Delaware corporation, its authorized agent

By: _____
Printed Name: _____
Title: _____