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REPLY TO:
P.O. BOX 4547
HOUSTON, TEXAS 77210-4547

February 6, 2006

*Via Certified Mail No. 71603901984911415782,
Return Receipt Requested,
and Fax # 281-342-6273*

Mrs. Harvella Jones
P.O. Box 1398
Richmond, Texas 77406

Re: Annexation of Villages of Town Center, Section Five and Section Six

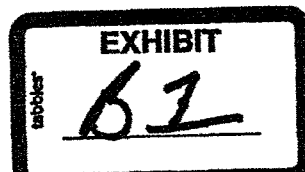
Dear Mrs. Jones:

As you know, our law firm represents the Villages of Town Center Owners Association, Inc. (the "Association"). It is our understanding that you wrote to the various homeowners within the Villages of Town Center subdivision, contending that Sections Five and Six were not legally annexed to the Association. I am writing in reply to your position.

Apparently, you believe that the requisite two thirds vote of the homeowners within Sections One through Four did not tally up to the required 289 votes to pass the annexation. You maintain that, based upon your counting of the ballots from the Association's July 16, 2002 meeting of the homeowners, only 234 votes can be counted in favor of the annexation.

After careful consideration of the governing documents for the subdivision, other pertinent contract documents, and review of the ballots from the July 16, 2002 annexation vote, we disagree with your conclusion. As will be discussed in more detail below, we find that a total of 301 votes by the homeowners of sections One through Four were cast in favor of the annexation of Sections Five and Six, thereby joining those sections under the jurisdiction of the Association. All other amendments to the By-Laws on the ballot also passed by the required fifty-one percent of the homeowners' votes.

On or about February 10, 1989, the Declaration of Covenants, Conditions and Restrictions of Villages of Town Center Section One (the "Declaration") was executed and thereafter recorded under Fort Bend County Clerk's File No. 8906349. In Article One, Section 1.6 of the Declaration, the Association was declared and established. Section 8.8 of the Declaration provided that additional residential property and common areas may be annexed to Section One with the consent of two-thirds of the members. Annexed property would submit to the jurisdiction of the Association with the same force and effect as if originally included as part of the Declaration.



The By-Laws of Villages of Town Center Owners Association, Inc. (the "By Laws") provided in Article VII, Section One, that the By-Laws may be amended by the Association if approved by a majority of the owners defined as those owners holding fifty-one percent or more of the votes.

Sections One through Four of the Villages of Town Center subdivision were all developed under the umbrella of the Association's jurisdiction, with the same restrictive covenants being imposed on the properties within those sections as were established under the Declaration.

At some point in time, the developers of the Villages of Town Center, Calvaro Town Center, Ltd. and/or Intercontinental United Investors Corp., in contemplation of developing Sections Five and Six of Villages of Town Center, intended to annex and join the contemplated Sections Five and Six within the jurisdiction of the Association, with the same restrictive covenants as were provided for in the Declaration. Accordingly, the developers executed an Annexation and Use Agreement with the Association in 2002, agreeing to pay the Association a total of \$50,000.00 upon the successful completion of the annexation of Sections Five and Six as part of Sections One through Four. The money was intended to help defray the additional costs the Association would incur as a result of the annexations and the additional burden upon the Association's recreational facilities.

As part of the first stage of the development of Section Five of Villages of Town Center, the developer, as Declarant, executed the Declaration of Covenants, Conditions and Restrictions of Villages of Town Center Section Five, on or about May 20, 2002, as recorded under Fort Bend County Clerk's File No. 2002053669 (the "Declaration – Section Five"). Under Section 8.9 of the Declaration – Section Five, it states, in part, as follows:

- 8.9 Merger and/or Annexation into the Jurisdiction of Villages of Town Center Owners Association, Inc. . . . , the Declarant may unilaterally (*without the consent of Members or Owners*) merge the Association into the Villages of Town Center Owners Association, Inc. ("Villages Association") with the Villages Association being the surviving entity or annex the Villages of Town Center, Section Five into the Villages of Town Center subdivision to be under the jurisdiction of the Villages Association (and then dissolve the Association). *Owners, by purchasing a Lot within the Property, expressly consent and approve of any such merger or annexation, agree not to contest same and agree to execute such documents as may be reasonably necessary to effectuate same.* (emphasis added)

On July 16, 2002, the Association held a homeowners' association meeting for the members of Villages of Town Center, Sections One through Four, to vote, among other things, on the issue of annexing Sections Five and Six as part of the overall subdivision, to be included within the jurisdiction of the Association.

We note that you contested whether or not a quorum of the homeowner members existed for purposes of conducting that meeting in a lawsuit you filed against the Association, which was tried before Judge Culver last October 2005. The Court specifically held that the required quorum was

met at the July 16, 2002 homeowners' association meeting and rendered a take-nothing judgment against you.

Although Judge Culver disagreed with your contentions, you now raise the annexation issue from that same process, maintaining that the required 289 votes were not cast in favor of the annexation of Sections Five and Six. With that in mind, as a preliminary matter, the tally sheet of the original vote count conducted by the property management company for the Association back in July 2002, specifically determined that 295 votes were cast, either in person or by proxy, in favor of the annexation of Sections Five and Six. This certainly evidences that the Association's managing agent found that the requisite vote count was reached in favor of the annexation. Since you did not live in the subdivision at the time, obviously, you were not present during this election.

Not being satisfied at that, however, our office counted each of the ballots provided to us from the voting process pertaining to the July 16, 2002 meeting. We concluded that the homeowners from Sections One through Four cast 275 proxy votes and 26 in person votes, for a total of 301 votes, in favor of the annexation of Sections Five and Six as part of the Villages of Town Center subdivision and the jurisdiction of the Association. This well exceeded the 289 votes necessary for passage of the annexation. Therefore, two different offices, independent of the Association, have each counted the ballots and found that the required votes for approval of the Annexation were met.

In addition, on or about December 9, 2002, an Annexation Agreement was executed by the developer, Intercontinental United Investors Corp., and the Association, as recorded under Fort Bend County Clerk's File No. 2003005. In this document, the parties expressly agreed to the annexation of Section Five into the Villages of Town Center subdivision and the jurisdiction of the Association. This document was also signed by a representative of the United States Department of Housing and Urban Development ("HUD"), giving its official stamp of approval to the annexation.

A similar Annexation Agreement was executed by Intercontinental United Investors Corp., the Association and HUD, approving and adopting the annexation of Section Six as part of the Villages of Town Center subdivision and the jurisdiction of the Association. The Declarant developer also executed a Supplemental Declaration of Covenants, Conditions and Restrictions of Villages of Town Center, Section Six, as recorded under Fort Bend County Clerk's # 2003177028, specifically adopting the same restrictions, covenants and easements upon the property within Section Six as were provided for under the original section One Declaration. Thus, the annexation vote of July 2002 may not have even been necessary as to Section Six. In any event, the approval of the annexation by a vote of the homeowners, the above-referenced Annexation Agreement and the Supplemental Declaration pertaining to Section Six all validly approve and ratify the annexation of Section Six within the jurisdiction of the Villages of Town Center subdivision and the Association.

It is also significant that, since July 2002, the developer, the various homeowners within the six sections of the subdivision and the Association have all been operating as if the annexation was in full force and effect. The developer followed up on his prior contractual promise under the Annexation and Use Agreement and paid the Association \$50,000.00 for the completion of the

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likely cost all the owners within those sections more money to maintain the same services currently provided by the Association.

It is time to call a halt to your claims against the Association. After a full trial on the merits, a trial court judge already ruled against you on the quorum issue as to the election of July 16, 2002, and as to the quorum issue relating to the election of November 3, 2004. Generating new litigation against the Association only increases the costs incurred by your neighbors, who are members of the Association. After speaking with the Association's insurance agent, it is likely that the Association's insurance premium will increase by at least fifteen percent, and the deductible will increase from \$1,000.00 to \$5,000.00, as a result of the lawsuit you filed against the Association last year.

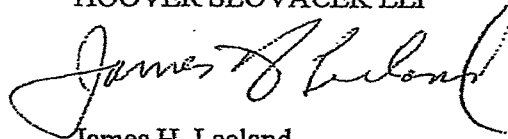
After a thorough analysis of the controlling documents, including the applicable proxies and ballots, it is clear that the annexation of Sections Five and Six is legally valid.

I hope that the above information has helped to clarify this issue and that you will discontinue any further claims against the Association, which will only cost everyone needless time and expense.

Thank you for your attention to this matter.

Very truly yours,

HOOVER SLOVACEK LLP



James H. Leeland

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TO:

Mrs. Harvella Jones
P.O. Box 1398
Richmond, Texas 77406

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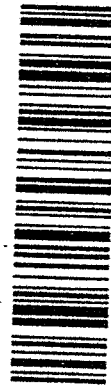
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1. Article Addressed to:

Mrs. Harvella Jones
P.O. Box 1398
Richmond, Texas 77406

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121989-145 Villages of Town Center Offices
1/12/06

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