

Waterwood National Associates, LP

300 Arcadia Court
9370 McKnight Road
Pittsburgh, PA 15237
412-367-7711

June 24, 2009

Mr. Joe Moore
Waterwood Improvement Association
24518 Pecan Tree Lane
Huntsville, Texas 77320

RE: Resident Use
of Golf Course Property

Dear Mr. Moore:

We have regrettably decided to close the resort and golf course at Waterwood. It is our hope that with sufficient improvement in the economy, we will be able to announce in the future plans to redevelop the entire resort. In the meantime, we have decided to make the raw land of the resort, primarily the now-closed golf course, available to the residents of Waterwood for your recreational pleasure. There will not be any charge assessed for your personal use of the property. Use of the property will be limited, however, to individual recreational activities. Group-organized and commercial endeavors are not permitted.

The approximate 235 acres of raw land will be accessible to you for safe recreational activities, such as walking, bicycling, bird watching, fishing, hitting balls, etc. Use of motorized recreation vehicles such as motorcycles is strictly prohibited. Access to the property is being made available on an "**as is where is**" basis and all uses must be in compliance with the applicable law. Property conditions will not be monitored regularly, maintenance and repairs will not be routinely undertaken. **We urge you to exercise utmost caution in any activities you undertake. Any and all use will be undertaken strictly at the individual's own risk.**

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While security will periodically check the property on the owner's behalf, residents who wish to take advantage of access to the property need to understand that ongoing security **will not** be provided. In addition, no building or structures are to be placed on the property without the prior written consent of owner.

Access to the raw land is being made available for an indefinite period of time. Note, however, that the owner retains at its sole discretion the right, at any time, to terminate such general access to Waterwood residents in the event of redevelopment commencing a change in property ownership, or otherwise. In addition, if the owner determines at any time that any resident is making unacceptable use of the property, is accessing buildings or structures on the property contrary to the prohibition, or is using the property in an unsafe manner, we reserve the right to refuse immediately ongoing access to that resident.

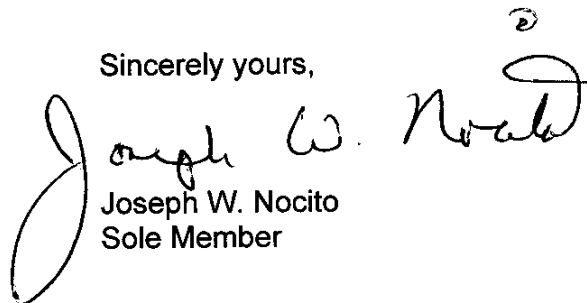
The approximately 235 acres delineated for recreational use include all of the golf course property, as well as the raw land at the marina and at Pool's Creek. This acreage is defined by the following legal descriptions:

- ▶ A239 ISSAC PRATER TRACTS 2.5; 2.6; 2.7; AND 2.8
- ▶ A070 RICHARD BANKHEAD TRACTS 2 AND 2.3
- ▶ A239 ISSAC PRATER TRACT 6.1

Access to the property as described above is being granted by Waterwood National Associates, LP as an accommodation to you, and this action shall not be deemed to grant to any person or group and property or ownership rights by adverse possession or otherwise.

Please enjoy the beautiful area peacefully and safely. We wish all Waterwood residents pleasant use and good health.

Sincerely yours,


Joseph W. Nocito
Sole Member

JWN:ah