

CENTEX HOMES

16520 S.W. Upper Boones Ferry
Road Suite #200
Portland, OR 97224

April 18, 2006

Multnomah County
C/o Multnomah County Facilities and Property Management
501 SE Hawthorne Blvd., Suite 600
Portland, Oregon 97214
Attention: Doug Butler

Phone: (503) 608-3060
Fax: (503) 608-3061
www.centexhomes.com

Re: Proposal to Purchase approximately 46.46 acres (including structures, if any), referred to as Assessor Reference Parcel # 1N3E26 00100, located in the City of Troutdale, County of Multnomah, State of Oregon, to be rezoned for single-family homes and commercial use, as more particularly described in Exhibit "A" attached hereto (the "**Property**").

Dear Doug Butler:

This letter sets forth the general terms and conditions upon which Centex Homes ("**Centex**"), would purchase the Property from Multnomah County ("**Seller**") subject to the drafting and execution of a mutually acceptable purchase agreement ("**Purchase Agreement**") generally embodying the terms described in this letter. Centex is one of the largest homebuilders in the United States. Centex is financially sound and its parent company, Centex Corporation, is listed on the NYSE. This offer is not subject to Centex obtaining financing.

1. Purchase Price. Seven Million Four Hundred and One Thousand Five Hundred Dollars and no/100 (\$7,401,500), including structures, after Entitlements (defined below) are approved for development of buildable single-family home lots ("**Lots**") in accordance with zoning requirements. In addition, we will pay an additional \$70,500 for each buildable lot more than 113 lots ("**Additional Lots**"). For example, if Entitlements (defined below) are approved such that 137 lots can be developed, then the total Purchase Price will be \$7,401,500 plus \$1,692,000 (i.e., 24 X \$70,500) for a totaling Purchase Price of \$9,093,500. In the event attached or multifamily housing must be built on the Property, as a condition of approval for the Entitlements, except in accordance with any potentially planned for the McMenamins Tract (defined below), the Purchase Price shall remain \$7,401,500 and the Additional Lots provision shall not apply to any attached or multifamily lots. In any case, any Lots or Additional Lots, approved on the McMenamins Tract, do not apply to the Purchase Price calculation.

2. Escrow. Within five (5) days after the date a Purchase Agreement is executed by Seller and Centex, an Escrow shall be opened by Centex with Chicago Title Insurance Company (the "**Closing Agent**"), to consummate the transaction contemplated by the Purchase Agreement (the "**Closing**"). The Closing Agent's address is 926 NW 13th Avenue, Suite 150 Portland, Oregon 97209, Attention: Karen Hays, Escrow Officer Phone (503) 595-2358 and Fax (503) 595-5015.

3. Earnest Money Deposit. Within five (5) days after the opening of Escrow, Centex shall deliver to Escrow the sum of One Hundred Thousand Dollars and no/100 (\$100,000.00) as an earnest money deposit (the "**Deposit**"). The Deposit shall, subject to the Contingencies (defined below) described in Section 5(d) and 5(e) below, become nonrefundable to Buyer upon the expiration of the Feasibility Period (defined below). The Deposit will be non-refundable after the Feasibility Period (defined below) unless the Seller defaults, in which case the deposit plus interest earned will be returned to Centex. Within 10 business days after i) the expiration of the appeal period for the Entitlements approval, with no appeals being filed, or ii) after the expiration of the appeal period for the Entitlements approval and any appeals resolved reasonably satisfactory to Centex, Centex will deposit an additional \$100,000 ("**Additional Deposit**") which will be non-refundable to the same extent as the Deposit in

which case both the Deposit plus the interest earned will be returned to Centex. The amount of the Deposit and Additional Deposit, plus any interest earned will be applied to the Purchase Price at closing.

4. Feasibility Period. Centex shall have 90 days from the opening of Escrow (the "**Feasibility Period**") to review, approve or disapprove, in Centex's sole discretion and Centex's sole expense, the condition and suitability of the Property for Centex's intended use, including but not limited to, development costs, financial and market feasibility, condition of title, and the physical condition (including environmental testing) of the Property. Centex may terminate the Purchase Agreement during the Feasibility Period and receive a refund of the Deposit.

5. Closing Date. The closing will occur on a date and time no more than (60) days after the conditions precedent listed below have been satisfied or waived by Centex ("**Closing Date**"); provided however, the Closing Date shall not exceed September 1, 2007 (the "**Outside Closing Date**") except as provided below. The Outside Closing Date may be extended upon Centex's written request, for a period not to exceed February 29, 2008 ("**Extended Outside Closing Date**"), provided: i) The Purchase Price shall increase by an amount equal to 8% per annum of the Purchase Price calculated from September 1, 2007, to the Extended Outside Closing Date and ii) Centex shall deposit into Escrow \$20,000.00 per month ("**Extended Outside Closing Date Deposit**") as an advance on the Purchase Price. These amounts shall be non-refundable but shall be applicable to the Purchase Price. At Closing, the amount due as Extension Payments shall be calculated to the date of Closing. If the contingencies listed below ("**Contingencies**") are not satisfied, Centex may terminate the Purchase Agreement, and, for Contingencies 5(d) and 5(e), the Deposit will be returned to Centex.

a. Entitlements. All applicable authorities shall have finally approved (and all appeal periods expired) all the Entitlements (defined below) on terms and subject to conditions acceptable to Buyer in its sole and absolute discretion. As used herein "**Entitlements**" means all applications, plans, maps, agreements, documents, and other instruments or entitlements deemed necessary or appropriate by Buyer for the subdivision and development of the Property as expressed by Buyer, including, preliminary subdivision plat and any state or federally issued permits, or other authorization pertaining to wetlands, and final engineering approval.

b. Infrastructure. Sources and supplies of required infrastructure for development of the Property (including, without limitation, water, sewer, storm drain, natural gas, electricity and the like) shall be known and have sufficient capacity and be available at normal cost, to service development of the entire Property as contemplated by the Entitlements.

c. Moratorium. There shall be no pending moratorium or other governmental action or proceeding, or any similar restriction imposed by a private entity, which would prohibit or restrict utility service to the Property or the issuance of building permits related to the construction of homes on the Property or other development of the Property with single-family residences.

d. No Defaults. Seller shall have fulfilled all obligations under the Purchase Agreement and the representations and warranties of Seller shall be true as of the Closing Date.

e. Title. At the Closing, the Closing Agent's title company shall be irrevocably committed to issue to Centex an extended coverage title insurance policy with liability in the amount of the Purchase Price subject only to exceptions to title approved by Centex in accordance with the Purchase Agreement.

f. McMenamins Contract. Centex and the McMenamins shall have executed a mutually acceptable contract requiring Centex to convey, and McMenamins to accept, a portion of the Property equal to approximately eleven (11) acres, shown on Exhibit "B" attached hereto (the "**McMenamins Tract**").

g. Partition. In addition to the Entitlements, the formal approval of a subdivision(s) or PUD shall have been completed so that the McMenamins Parcel (approx 11 acres), and the remaining portion of the Property (approx 35 acres) become separate legally conveyable parcels.

6. Processing of Entitlements. So long as the Purchase Agreement is in force and effect, Centex shall have the right to process all applications, plans, maps, agreements, documents, and other instruments necessary or appropriate to pursue the Entitlements. Seller will, at no material cost or expense to Seller, fully cooperate with and assist Centex in the processing of such items, including without limitation attending meetings with governmental

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authorities relating to the same, and to the extent necessary or appropriate, executing all such items and materials. Centex recognizes that because of intergovernmental relations and considerations, Seller may be reasonably limited in certain actions with respect to another governmental entity. Seller will also cooperate and assist Centex in obtaining easements if needed from adjacent property owners, at no cost to the Seller. In the event that to obtain the Entitlements for the Property it becomes necessary to pursue a master-planning approval (for example, a PUD) of the Property *together with* Seller's land holdings located on the south side of Halsey Road (as shown on Exhibit "A") designated for schools, open space, golf course, etc., and referred to herein as "**Seller's Nearby Land Holdings**"), then Centex shall execute separate developer agreements covering the master-planning effort for the Property *and* Seller's Nearby Land Holdings. Seller shall inform all parties that express interest in purchasing Seller's Nearby Land Holdings, including the Reynolds School District and McMenamins, of Centex's request to take the lead in the master-planning effort.

7. Closing Costs and Escrow Fees. Centex shall pay (a) the premium cost attributable to the extended coverage portion of the title insurance policy, (b) recording charges and (c) one-half (1/2) of Closing Agent's fees. Seller shall pay (a) the premium cost of the standard coverage portion of the title insurance policy, (b) all County and City transfer taxes and fees, and (c) one-half (1/2) of Escrow Holder's fees. All other costs related to the transaction shall be paid by the parties in the manner consistent with common practice in residential bulk lot transactions in Multnomah County. Current non-delinquent real property taxes and assessments shall be prorated between Centex and Seller as of the date of closing on the basis of a thirty-day month. Seller shall be responsible for all deferred taxes, such as farm deferrals.

8. Brokerage. Steve Miller and Leif Anderson are Employees of Centex Homes and are licensed Real Estate Brokers in the State of Oregon. David Reinhart, of CRESA Partners Portland, represents the Seller and will be paid by Seller. Centex will not pay any other brokerage fee or real estate commission resulting from this transaction. Each party shall defend and indemnify the other from any claims for commissions or fees arising from such parties dealing with any other broker or agent.

9. Representations, Warranties and Covenants. The Purchase Agreement shall contain customary representations, warranties, and covenants by Seller, including without limitation, information known to Seller at the time of execution of the Purchase Agreement regarding the presence of any of hazardous materials; any wetlands, endangered species or protected habitat, flora or fauna; pending and threatened legal actions and investigations of any kind; and the obligation to refrain from changing the condition of the Property and title thereto. The Purchase Agreement shall provide that no later than five (5) business days after the date Escrow is opened, Seller shall deliver to Centex a legal description of the Property, as well as copies of all tests, surveys, contracts, reports, studies, maps, plans, records, permits and correspondence related to the Property and available to Seller.

10. Legally Binding Entry License. From and after the date this letter is accepted by Seller during the pendency of the parties drafting, reviewing and negotiating the Purchase Agreement, Centex, its agents, employees and contractors shall have the right to enter the Property for the purposes of conducting such investigations, inspections, surveys and tests of the Property as Centex deems necessary in order to determine the condition and suitability of the Property. This license may be terminated at any time by notice in writing delivered to Centex. Centex shall indemnify and hold Seller harmless from and against any and all loss, expense, claim, damage and injury to person or property resulting from the negligent or intentional acts of Centex, its employees, consultants, engineers, authorized agents and contractors on the Property in connection with the performance of any investigation of the Property as contemplated herein; provided that Centex shall have no responsibility or liability for any act or omission of Seller or Seller's agents, employees or contractors and/or for any adverse condition or defect on or affecting the Property not caused by Centex or its employees, agents, contractors, or subcontractors but discovered or impacted during their inspections.

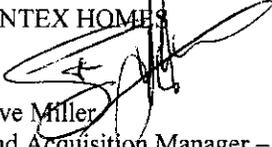
11. Animal Shelter. Upon request by Centex, Seller shall reasonably consider allowing Centex to use a portion of the Seller's "**Animal Shelter Property**" (as shown on Exhibit "A") to the north of the Property for use as offsite wetland mitigation and/or floodplain mitigation, for the benefit of the Property if such use will allow the creation of Additional Lots.

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Other than paragraph 10 above, this letter constitutes merely a proposal regarding the terms and conditions on which Centex would purchase the Property from Seller and shall not be deemed to create a binding obligation between Centex and Seller unless and until a definitive Purchase Agreement embodying the terms hereof, and any other terms acceptable to the parties in their sole discretion, is executed by both Centex and Seller. If the terms of this letter are acceptable to Seller, please execute a copy of this letter where indicated below and return it to Centex, at which time Centex will begin preparation of the Purchase Agreement. If the parties are unable to produce a Purchase Agreement acceptable to both parties, they shall have no further obligations to each other hereunder. If you have any questions, please do not hesitate to contact the undersigned at 503-608-3060 ext. 222.

Very truly yours,

CENTEX HOMES


Steve Miller
Land Acquisition Manager – Portland Division

This letter is agreed to and accepted:

"Seller"

Multnomah County

By: _____

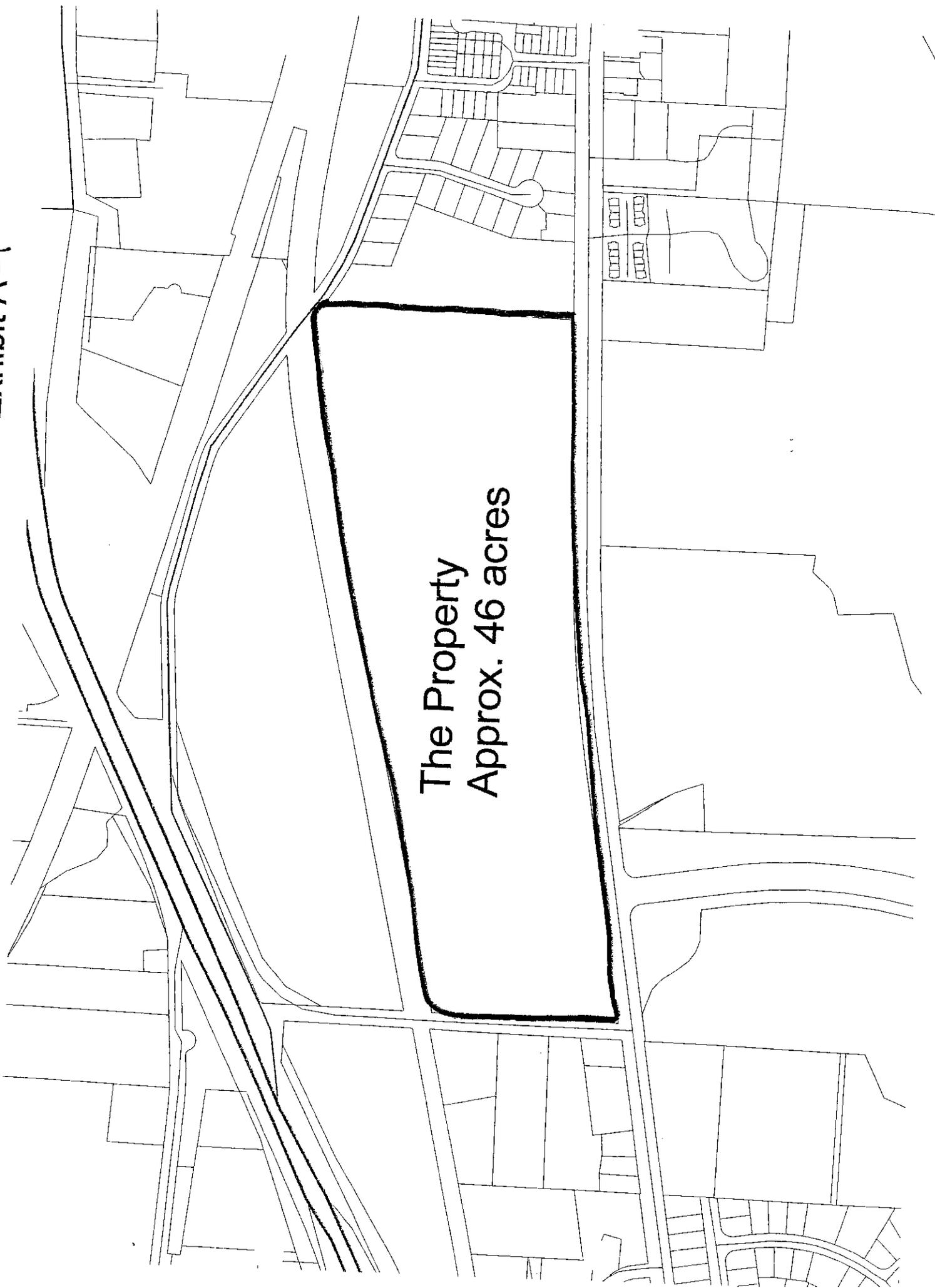
Print Name: _____

Title: _____

Date: _____, 2006

Any Purchase Agreement is subject to review by the Multnomah County Attorney and approval by the Board of County Commissioners. Please note any amendment requested, proposal made, or counteroffer accepted by me or other authorized Multnomah County representative for the above referenced property is not binding on Multnomah County until and unless the Board of County Commissioners approves the Purchase Agreement.

Exhibit A - (



The Property
Approx. 46 acres



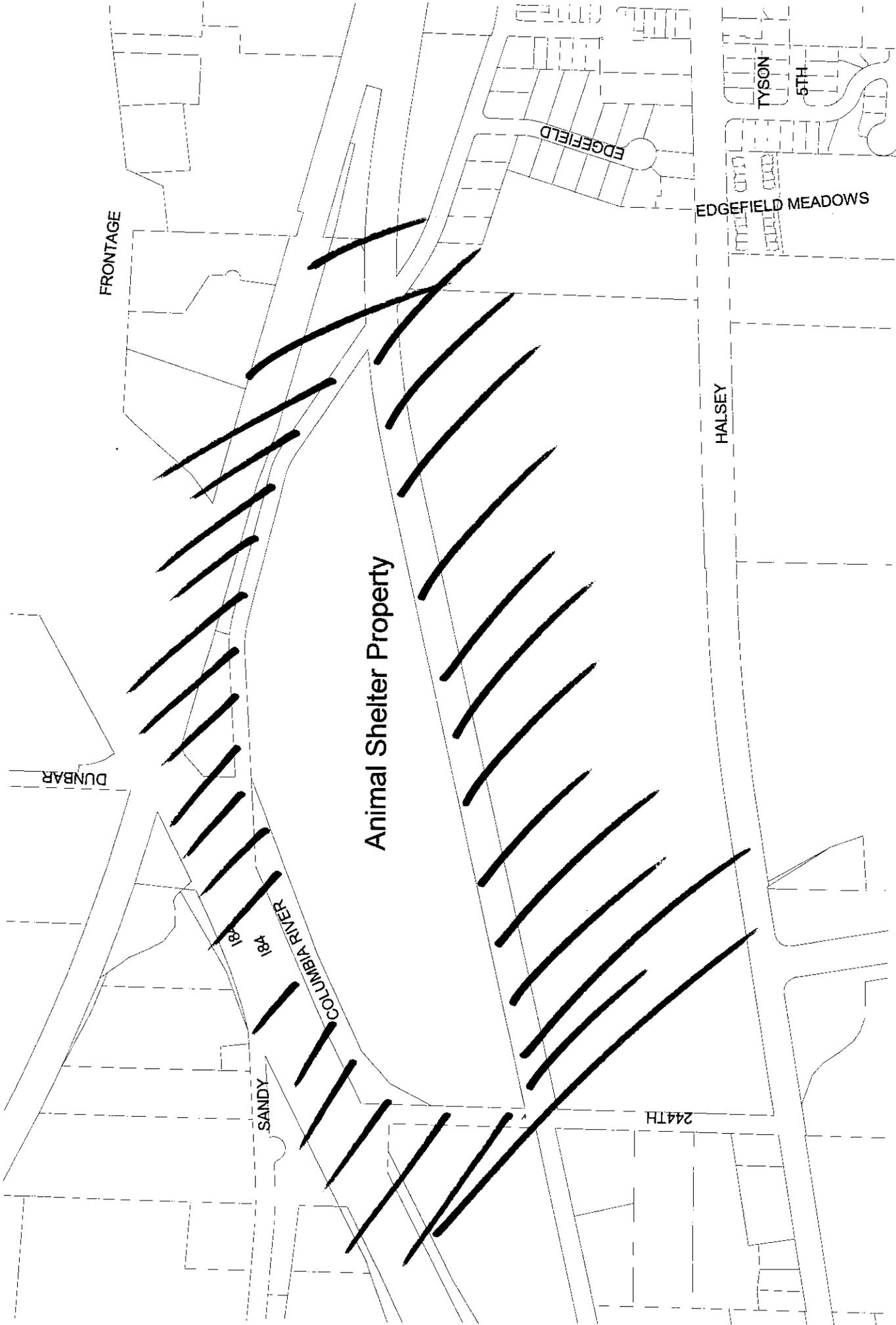
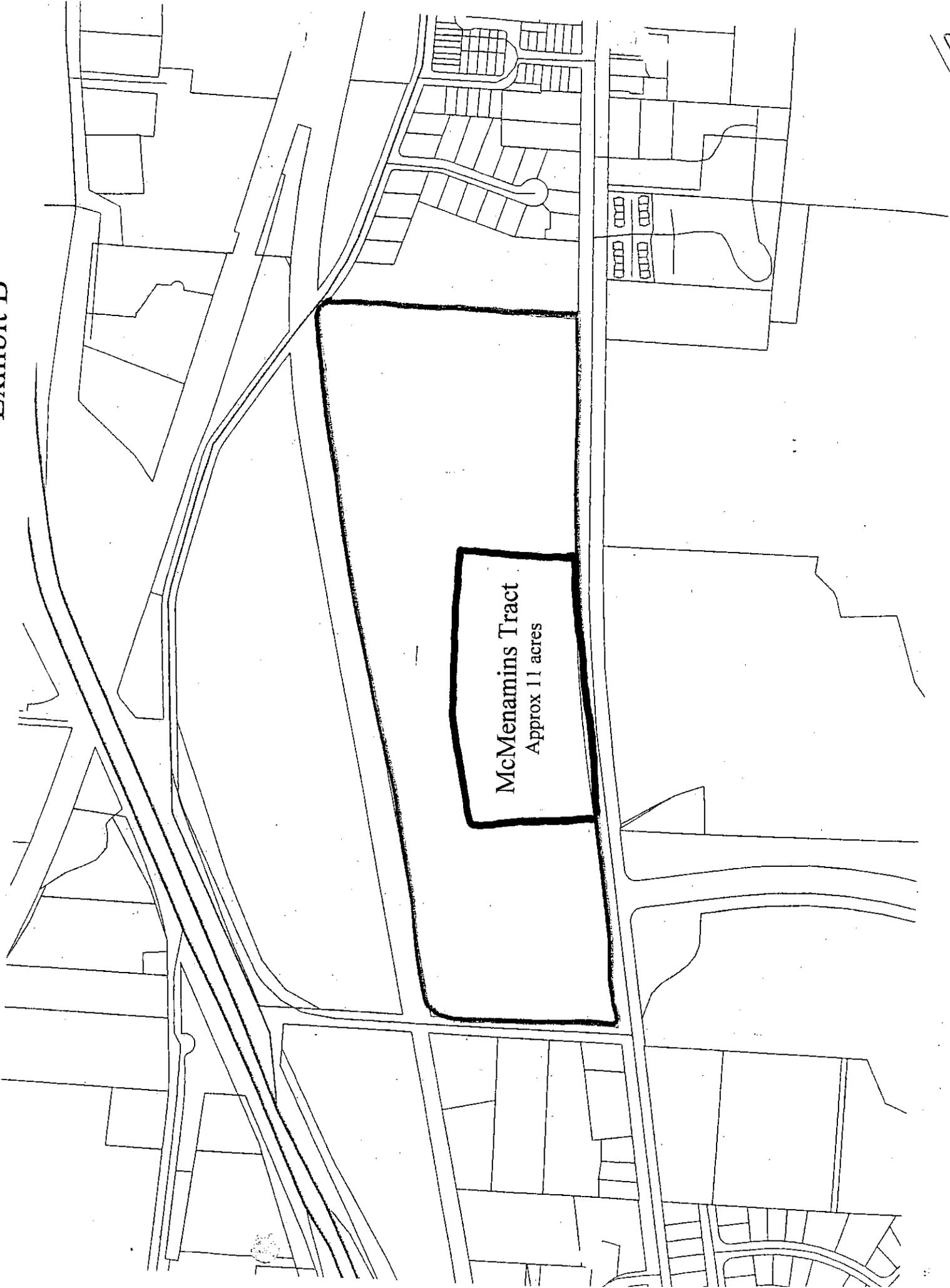


Exhibit B



McMenamins Tract
Approx 11 acres