

January 26, 2010

Dear Rivermist Community Homeowner,

Over the past few days, there has been significant attention on your community due to an unprecedented event which caused significant soil shifting and cracking in and around a retaining wall in the community.

Your concerns are valid and of paramount importance to our company.

I would like to provide you with the latest information we have to-date:

- Of the 91 homeowners asked to temporarily relocate from their homes Sunday evening, 66 have been allowed to return to their homes.
- 66 homeowners have been allowed to return back to their homes
- 25 homeowners have not been allowed to return to their homes, but have been given access to collect personal belongings. Centex expects about half of them will be able to return to their home within the next 10-15 days. The company will continue to provide lodging, meals and cover incidental expenses.
- Centex has been focusing on stabilizing the homes and is now entering the investigation phase. We have retained several well-respected engineering firms and soils professionals to aid in our efforts to accurately determine the cause of the soil movement. We will not speculate on the underlying cause of the soil movement at this time, but will provide additional details when they become available. We anticipate that some preliminary answers may be available within the next 48-72 hours and will keep you updated on the progress.
- In response to the City of Planning Services and Development comments regarding a permit for the retaining wall: the retaining wall was constructed by a company that specializes in the construction of retaining walls. That company constructed the retaining wall following construction plans prepared by an engineer licensed by the State of Texas. We have every reason to believe that the retaining wall was built in accordance with those engineered plans because the construction process was supervised continuously by an independent geotechnical engineer. In fact, those engineers were on site daily for several months observing and supervising the construction process. It is the company's belief that Centex followed industry standards and we have reached out to the City to better understand the issue.
- In regards to the retaining wall, there were some reports that we previously repaired the retaining wall. Centex did fully rebuild this retaining wall in early 2007 following indications that the wall was not performing to expectations. The decision was made to completely rebuild the wall and substantially reinforce its foundation. Again, the wall was constructed by a company that specializes in constructing retaining walls of this nature and was designed by a licensed professional engineer for this specific location. The wall was built

in accordance with those plans and the construction was supervised continuously by that engineer and separate geotechnical engineers.

I recognize that this situation has caused a lot of questions in your minds—many of which have not yet been answered. Please know that we are working diligently to uncover the root cause of the soil movement and wall cracking, as well as to satisfy our commitment to you, our customer, for satisfaction. We will keep you updated as we uncover new information allowing us to answer outstanding questions. By tomorrow morning, we expect that www.rivermistinfo.com will be a source of information for you as we progress through this process. You will also be able to ask questions, which we will post the answers to in a timely manner.

As always, if you have a concern about your home, please contact rivermist@centex.com.

Regards,

Damon Lyles