

DRH CAPITAL TRUST I  
Form S-3ASR  
June 13, 2006

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As filed with the Securities and Exchange Commission on June 13, 2006

Registration No. 333-\_\_\_\_\_

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form S-3  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
D.R. HORTON, INC.**

Co-registrants are listed on the following pages.  
(Exact name of registrant as specified in its charter)

|  |  |
|--|--|
| Delaware<br>(State or other jurisdiction of<br>incorporation or organization)  | 75-2386963<br>(I.R.S. Employer Identification No.)   |
| 301 Commerce Street, Suite 500<br>Fort Worth, Texas 76102<br>(817) 390-8200<br>(Address, including zip code, and telephone<br>principal executive offices) | Thomas B. Montano<br>Vice President, Corporate & Securities Counsel<br>301 Commerce Street, Suite 500<br>Fort Worth, Texas 76102<br>(817) 390-8200<br>(Name, address, including zip code, and<br>telephone number, including area code,<br>of agent for service) |

The Commission is requested to mail copies of all orders, notices and communications to:

Irwin F. Sentilles, III  
Gibson, Dunn & Crutcher LLP  
2100 McKinney Ave., Suite 1100  
Dallas, Texas 75201  
(214) 698-3100

Approximate date of commencement of proposed sale to the public:  
From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_\_

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

**CALCULATION OF REGISTRATION FEE**

| <b>Title of each class of securities to be registered</b>   | <b>Proposed maximum aggregate offering price (1)</b> | <b>Amount of registration fee(1)</b> |
|---|--|--------------------------------------|
| Debt Securities, Preferred Stock (par value \$.10 per share), Depositary Shares, Common Stock (par value \$.01 per share), Warrants, Stock Purchase Contracts and Stock Purchase Units (2)<br>Trust Preferred Securities of DRH Capital Trust I<br>Trust Preferred Securities of DRH Capital Trust II<br>Trust Preferred Securities of DRH Capital Trust III<br>Subordinated Trust Debt Securities of D.R. Horton, Inc. to be issued to DRH Capital Trust I, DRH Capital Trust II and DRH Capital Trust III<br>Guarantees of Trust Preferred Securities of DRH Capital Trust I, DRH Capital Trust II and DRH Capital Trust III by D.R. Horton, Inc. (3)(4)<br>Guarantees of the Debt Securities by direct and indirect subsidiaries of D.R. Horton, Inc. (4)(5)<br>Units comprising one or more classes of securities above |  |                                      |

(1) An indeterminate aggregate initial offering price or number of securities of each identified class is being registered as may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities. In accordance with Rules 456(b) and 457(r), the registrant is deferring payment of all of the registration fee. However, D.R. Horton, Inc.

previously paid a registration fee of \$264,825 with respect to \$2,250,000,000 aggregate initial offering price of securities that were previously registered pursuant to the registrant's prior registration statement on Form S-3 (SEC File No. 333-127461), initially filed on August 11, 2005, and that have not been sold thereunder. In accordance with Rule 457(p), the unused amount of the registration fee paid with respect to the prior registration statement will be applied to pay the first \$264,825 of the registration fee that will be payable with respect to the securities registered under this registration statement.

- (2) Includes an indeterminate number of shares of common stock which may be issued upon conversion of preferred stock or debt securities, which are being

registered, an indeterminate amount or number of debt securities and shares of common stock and preferred stock which may be issued upon exercise of warrants, which are being registered, and an indeterminate number of shares of common stock which may be issued upon settlement of stock purchase contracts, which are being registered.

(3) Includes the back-up undertakings of D.R. Horton, Inc. to provide certain indemnities relating to, and pay and be responsible for, certain expenses, costs, liabilities and debts of, DRH Capital Trusts I, II and III and all other obligations of D.R. Horton, Inc. relating to such trusts.

(4) Pursuant to Rule 457(n), no separate fee for the guarantees is payable.

(5)

See the following  
page for a list of  
the subsidiary  
guarantors.

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The following direct and indirect subsidiaries of D.R. Horton, Inc. may guarantee the debt securities or issue trust preferred securities and are co-registrants under this registration statement.

| Name of Co-Registrant                         | Jurisdiction of Incorporation or Organization | I.R.S. Employer Identification No. |
|---|---|------------------------------------|
| C. Richard Dobson Builders, Inc.              | Virginia                                      | 54-1082672                         |
| CH Investments of Texas, Inc.                 | Delaware                                      | 86-0831611                         |
| CHI Construction Company                      | Arizona                                       | 86-0533370                         |
| CHTEX of Texas, Inc.                          | Delaware                                      | 74-2791268                         |
| Continental Homes, Inc.                       | Delaware                                      | 86-0515339                         |
| Continental Homes of Texas, L.P.              | Texas   | 74-2791904                         |
| Continental Residential, Inc.                 | California                                    | 86-0596757                         |
| D.R. Horton Emerald, Ltd.                     | Texas   | 75-2926873                         |
| D.R. Horton, Inc. Birmingham                  | Alabama                                       | 62-1666398                         |
| D.R. Horton, Inc. Chicago                     | Delaware                                      | 75-2795240                         |
| D.R. Horton, Inc. Denver                      | Delaware                                      | 75-2666727                         |
| D.R. Horton, Inc. Dietz-Crane                 | Delaware                                      | 75-2926868                         |
| D.R. Horton, Inc. Fresno                      | Delaware                                      | 75-2926871                         |
| D.R. Horton, Inc. Greensboro                  | Delaware                                      | 75-2599897                         |
| D.R. Horton, Inc. Gulf Coast                  | Delaware                                      | 75-2926872                         |
| D.R. Horton, Inc. Jacksonville                | Delaware                                      | 75-2460269                         |
| D.R. Horton, Inc. Los Angeles                 | Delaware                                      | 75-2440439                         |
| D.R. Horton, Inc. Louisville                  | Delaware                                      | 75-2636512                         |
| D.R. Horton, Inc. Minnesota                   | Delaware                                      | 75-2527442                         |
| D.R. Horton, Inc. New Jersey                  | Delaware                                      | 75-2665362                         |
| D.R. Horton, Inc. Portland                    | Delaware                                      | 75-2763765                         |
| D.R. Horton, Inc. Sacramento                  | California                                    | 75-2569592                         |
| D.R. Horton, Inc. Torrey                      | Delaware                                      | 75-2689997                         |
| D.R. Horton Los Angeles Holding Company, Inc. | California                                    | 75-2589298                         |
| D.R. Horton Management Company, Ltd.          | Texas   | 75-2436079                         |
| D.R. Horton Materials, Inc.                   | Delaware                                      | 75-2926870                         |
| D.R. Horton Orange County, Inc.               | Delaware                                      | 65-1218940                         |
| D.R. Horton San Diego Holding Company, Inc.   | California                                    | 75-2589293                         |
| D.R. Horton Schuler Homes, LLC                | Delaware                                      | 02-0548194                         |
| D.R. Horton Texas, Ltd.                       | Texas   | 75-2491320                         |
| DRH Cambridge Homes, Inc.                     | California                                    | 75-2589359                         |
| DRH Cambridge Homes, LLC                      | Delaware                                      | 75-2797879                         |
| DRH Capital Trust I                           | Delaware                                      | 75-6598130                         |
| DRH Capital Trust II                          | Delaware                                      | 75-6598131                         |
| DRH Capital Trust III                         | Delaware                                      | 75-6598132                         |
| DRH Construction, Inc.                        | Delaware                                      | 75-2633738                         |
| DRH Energy, Inc.                              | Colorado                                      | 75-2695520                         |
| DRH Regrem VII, LP                            | Texas   | 75-2926874                         |
| DRH Regrem VIII, LLC                          | Delaware                                      | 75-2926876                         |
| DRH Regrem X, Inc.                            | Delaware                                      | 65-1218941                         |
| DRH Regrem XI, Inc.                           | Delaware                                      | 65-1218942                         |
| DRH Regrem XII, LP                            | Texas   | 65-1218943                         |
| DRH Regrem XIII, Inc.                         | Delaware                                      | 20-4973832                         |

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|                        |          |            |
|------------------------|----------|------------|
| DRH Regrem XIV, Inc.   | Delaware | 20-4974035 |
| DRH Regrem XV, Inc.    | Delaware | 20-4974123 |
| DRH Regrem XVI, Inc.   | Delaware | 20-4974218 |
| DRH Regrem XVII, Inc.  | Delaware | 20-4974283 |
| DRH Regrem XVIII, Inc. | Delaware | 20-4974344 |
| DRH Regrem XIX, Inc.   | Delaware | 20-4974420 |
| DRH Regrem XX, Inc.    | Delaware | 20-4974895 |
| DRH Regrem XXI, Inc.   | Delaware | 20-4975007 |

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| Name of Co-Registrant   | Jurisdiction of<br>Incorporation or<br>Organization | I.R.S. Employer<br>Identification<br>No. |
|---|---|--|
| DRH Regrem XXII, Inc.   | Delaware  | 20-4975092                               |
| DRH Regrem XXIII, Inc.  | Delaware  | 20-4975165                               |
| DRH Regrem XXIV, Inc.   | Delaware  | 20-4975234                               |
| DRH Southwest Construction, Inc.                              | California  | 75-2589289                               |
| DRH Tucson Construction, Inc.                                 | Delaware  | 75-2709796                               |
| DRHI, Inc.  | Delaware  | 75-2433464                               |
| HPH Homebuilders 2000 L.P.                                    | California  | 68-0368156                               |
| KDB Homes, Inc.   | Delaware  | 86-0565376                               |
| Meadows I, Ltd.   | Delaware  | 75-2436082                               |
| Meadows II, Ltd.  | Delaware  | 51-0342206                               |
| Meadows VIII, Ltd.  | Delaware  | 75-2824511                               |
| Meadows IX, Inc.  | New Jersey  | 75-2684821                               |
| Meadows X, Inc.   | New Jersey  | 75-2684823                               |
| Melmort Co.   | Colorado  | 84-1261600                               |
| Melody Homes, Inc.  | Delaware  | 88-0309544                               |
| Schuler Homes of Arizona LLC                                  | Delaware  | 99-0350555                               |
| Schuler Homes of California, Inc.                             | California  | 99-0328127                               |
| Schuler Homes of Oregon, Inc.                                 | Oregon  | 99-0330791                               |
| Schuler Homes of Washington, Inc.                             | Washington  | 99-0329483                               |
| Schuler Mortgage, Inc.  | Delaware  | 99-0349664                               |
| Schuler Realty Hawaii, Inc.                                   | Hawaii  | 99-0290556                               |
| SGS Communities at Grande Quay, L.L.C.                        | New Jersey  | 22-3481784                               |
| SHA Construction LLC  | Delaware  | 86-1002579                               |
| SHLR of California, Inc.                                      | California  | 99-0350554                               |
| SHLR of Colorado, Inc.  | Colorado  | 99-0336801                               |
| SHLR of Nevada, Inc.  | Nevada  | 99-0343628                               |
| SHLR of Utah, Inc.  | Utah  | 99-0336937                               |
| SHLR of Washington, Inc.                                      | Washington  | 99-0334375                               |
| SRHI LLC  | Delaware  | 99-0343629                               |
| SSHI LLC  | Delaware  | 91-1842222                               |
| The Club at Pradera, Inc.                                     | Delaware  | 75-2926869                               |
| Vertical Construction Corporation                             | Delaware  | 22-3216488                               |
| Western Pacific Funding, Inc.                                 | California  | 68-0346564                               |
| Western Pacific Housing Co., a California Limited Partnership | California  | 33-0634552                               |
| Western Pacific Housing, Inc.                                 | Delaware  | 95-4887164                               |
| Western Pacific Housing Management, Inc.                      | California  | 95-4692688                               |
| Western Pacific Housing-Antigua, LLC                          | Delaware  | 95-4750872                               |
| Western Pacific Housing-Aviara, L.P.                          | California  | 95-4550008                               |
| Western Pacific Housing-Boardwalk, LLC                        | Delaware  | 95-4871227                               |
| Western Pacific Housing-Broadway, LLC                         | Delaware  | 95-4850687                               |
| Western Pacific Housing-Canyon Park, LLC                      | Delaware  | 95-4716219                               |
| Western Pacific Housing-Carmel, LLC                           | Delaware  | 95-4717091                               |
| Western Pacific Housing-Carrillo, LLC                         | Delaware  | 95-4815705                               |
| Western Pacific Housing-Communications Hill, LLC              | Delaware  | 95-4637162                               |
| Western Pacific Housing-Copper Canyon, LLC                    | Delaware  | 95-4817406                               |

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|   |            |            |
|---|------------|------------|
| Western Pacific Housing-Creekside, LLC        | Delaware   | 95-4769848 |
| Western Pacific Housing-Culver City, L.P.     | California | 95-4539563 |
| Western Pacific Housing-Del Valle, LLC        | Delaware   | 95-4887242 |
| Western Pacific Housing-Lomas Verdes, LLC     | Delaware   | 95-4783214 |
| Western Pacific Housing-Lost Hills Park, LLC  | Delaware   | 95-4652041 |
| Western Pacific Housing-McGonigle Canyon, LLC | Delaware   | 95-4735759 |
| Western Pacific Housing-Mountaingate, L.P.    | California | 95-4539564 |
| Western Pacific Housing-Norco Estates, LLC    | Delaware   | 95-4686652 |
| Western Pacific Housing-Oso, L.P.             | California | 95-4496774 |

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| Name of Co-Registrant                              | Jurisdiction of<br>Incorporation or<br>Organization | I.R.S. Employer<br>Identification<br>No. |
|--|---|--|
| Western Pacific Housing-Pacific Park II, LLC       | Delaware  | 95-4636584                               |
| Western Pacific Housing-Park Avenue East, LLC      | Delaware  | 52-2350169                               |
| Western Pacific Housing-Park Avenue West, LLC      | Delaware  | 95-4888647                               |
| Western Pacific Housing-Playa Vista, LLC           | Delaware  | 95-4879655                               |
| Western Pacific Housing-Poinsettia, L.P.           | California  | 95-4619838                               |
| Western Pacific Housing-River Ridge, LLC           | Delaware  | 95-4870837                               |
| Western Pacific Housing-Robinhood Ridge, LLC       | Delaware  | 95-4838666                               |
| Western Pacific Housing-Santa Fe, LLC              | Delaware  | 95-4741001                               |
| Western Pacific Housing-Scripps II, LLC            | Delaware  | 95-4688133                               |
| Western Pacific Housing-Scripps, L.P.              | California  | 95-4608187                               |
| Western Pacific Housing-Seacove, L.P.              | California  | 95-4473471                               |
| Western Pacific Housing-Studio 528, LLC            | Delaware  | 95-4877069                               |
| Western Pacific Housing-Terra Bay Duets, LLC       | Delaware  | 95-4878114                               |
| Western Pacific Housing-Torrance, LLC              | Delaware  | 95-4879653                               |
| Western Pacific Housing-Torrey Commercial, LLC     | Delaware  | 95-4769208                               |
| Western Pacific Housing-Torrey Meadows, LLC        | Delaware  | 95-4878113                               |
| Western Pacific Housing-Torrey Multi-Family, LLC   | Delaware  | 95-4781243                               |
| Western Pacific Housing-Torrey Village Center, LLC | Delaware  | 95-4837541                               |
| Western Pacific Housing-Vineyard Terrace, LLC      | Delaware  | 95-4761820                               |
| Western Pacific Housing-Windemere, LLC             | Delaware  | 95-4879656                               |
| Western Pacific Housing-Windflower, L.P.           | California  | 95-4504317                               |
| WPH-Camino Ruiz, LLC                               | Delaware  | 95-4802985                               |

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**PROSPECTUS**

D.R. Horton, Inc.

**Debt Securities,  
Preferred Stock, Depositary Shares,  
Common Stock, Warrants,  
Stock Purchase Contracts and Stock Purchase Units**

**Trust Preferred Securities of DRH Capital Trust I,  
DRH Capital Trust II and DRH Capital Trust III  
and Related Subordinated Trust Debt Securities  
and Guarantees of D.R. Horton, Inc.**

**Units of These Securities**

We will provide specific terms of these securities in supplements to this prospectus at the time we offer or sell any of these securities. You should read this prospectus and any supplement carefully before you invest.

**Investing in these securities involves risks. See **Risk Factors** beginning on page 1 and in the prospectus supplement we will deliver with this prospectus.**

Our common stock is listed on the New York Stock Exchange under the symbol **DHI**.

**The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This prospectus is dated June 13, 2006

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**You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.**

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*Unless the context otherwise requires, the terms the Company, we and our refer to D.R. Horton, Inc., a Delaware corporation, and its predecessors and subsidiaries.*

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**FORWARD-LOOKING STATEMENTS**

The statements contained in this prospectus and the information incorporated by reference into this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. These forward-looking statements typically include the words anticipate, believe, consider, estimate, expect, forecast, goal, intend, objective, projection, seek, strategy, target or other words of similar meaning. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results to differ materially from the expectations or results we discuss in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to:

- changes in general economic, real estate construction and other business conditions;
- changes in interest rates, the availability of mortgage financing or the effective cost of owning a home;
- the effects of governmental regulations and environmental matters;
- our substantial debt;
- competitive conditions within our industry;
- the availability of capital;
- our ability to effect our growth strategies successfully; and
- the uncertainties inherent in warranty and construction defect claims matters.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in additional documents incorporated into this prospectus by reference should be consulted.

For further factors you should consider, please refer to the Risk Factors section beginning on page 1 of this prospectus and the Risk Factors and the Management's Discussion and Analysis of Financial Condition and Results of Operations sections in our annual report on Form 10-K for the year ended September 30, 2005 and our quarterly reports on Form 10-Q for the quarters ended December 31, 2005 and March 31, 2006.

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**RISK FACTORS**

Before purchasing any securities we may offer, you should consider all of the information set forth in this prospectus, in the prospectus supplement we will deliver with this prospectus, and in the information incorporated by reference. In particular, you should evaluate the risk factors relating to our business set forth below and the risk factors set forth in the prospectus supplement we will deliver with this prospectus. It is anticipated that the prospectus supplement will contain a description of the risks relating to the securities we may offer with the prospectus supplement.

***Because of the cyclical nature of our industry, future changes in general economic, real estate construction or other business conditions could adversely affect our business or our financial results.***

*Cyclical Industry.* The homebuilding industry is cyclical and is significantly affected by changes in general and local economic conditions, such as:

- employment levels;
- availability of financing for homebuyers;
- interest rates;
- consumer confidence;
- demographic trends; and
- housing demand.

These may occur on a national scale or may affect some of the regions or markets in which we operate more than others. If adverse conditions affect any of our larger markets, they could have a proportionately greater impact on us than on some other homebuilding companies.

An oversupply of alternatives to new homes, such as rental properties and used or foreclosed homes, including homes held for sale by investors, could also depress new home prices and reduce our margins on the sales of new homes.

*Risks Related to National Security.* Continued military deployments in the Middle East and other overseas regions, terrorist attacks, other acts of violence or threats to national security, and any corresponding response by the United States or others, or related domestic or international instability, may adversely affect general economic conditions or cause a slowdown of the national economy.

*Inventory Risks.* Inventory risks can be substantial for our homebuilding business. Our long-term ability to build homes depends upon our acquiring land suitable for residential building at affordable prices in locations where our potential customers want to live. We must anticipate demand for new homes and continuously seek and make acquisitions of land for replacement and expansion of land inventory within our current markets and for expansion into new markets. In some markets, this has become more difficult and costly.

Our current goal is to own or control approximately a three to four year supply of land and building lots. The risks inherent in controlling or purchasing and developing land increase as consumer demand for housing decreases. Thus, we may have acquired options on or bought and developed land at a cost we will not be able to recover fully or on

which we cannot build and sell homes profitably. Our deposits for building lots controlled under option or similar contracts may be put at risk. The market value of undeveloped land, building lots and housing inventories can also fluctuate significantly as a result of changing market conditions. We cannot make any assurances that the measures we employ to manage inventory risks and costs will be successful.

In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing project or market. In the event of significant changes in economic or market conditions, we may have to sell homes or land for a lower profit margin or at a loss.



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*Supply Risks.* The homebuilding industry has from time to time experienced significant difficulties that can affect the cost or timing of construction, including:

shortages of qualified trades people;

reliance on local subcontractors, who may be inadequately capitalized;

shortages of materials; and

volatile increases in the cost of materials, particularly increases in the price of lumber, drywall and cement, which are significant components of home construction costs.

*Risks from Nature.* Weather conditions and natural disasters, such as hurricanes, tornadoes, earthquakes, volcanic activity, droughts, floods and wildfires, can harm our homebuilding business. These can delay home closings, adversely affect the cost or availability of materials or labor, or damage homes under construction. The climates and geology of many of the states in which we operate, including California, Florida and Texas, where we have some of our larger operations, present increased risks of adverse weather or natural disaster.

*Possible Consequences.* As a result of the foregoing matters, in the future, potential customers may be less willing or able to buy our homes, or we may take longer or incur more costs to build them. We may not be able to recapture increased costs by raising prices in many cases because of market conditions or because we fix our prices in advance of delivery by signing home sales contracts. We may be unable to change the mix of our home offerings or the affordability of our homes to maintain our margins or satisfactorily address changing market conditions in other ways. In addition, cancellations of home sales contracts in backlog may increase beyond historical rates as homebuyers cancel or do not honor their contracts.

Our financial services business is closely related to our homebuilding business as it originates mortgage loans principally to purchasers of the homes we build. A decrease in the demand for our homes because of the foregoing matters could also adversely affect the financial results of this segment of our business. A return of consumer preferences for adjustable-rate and other low-margin loans could also adversely affect our financial services results. An increase in the default rate on the mortgages we originate could adversely affect the pricing we receive upon the sale of mortgages that we originate in the future.

***Future increases in interest rates, reductions in mortgage availability or increases in the effective costs of owning a home could prevent potential customers from buying our homes and adversely affect our business or our financial results.***

Most of our customers finance their home purchases through lenders providing mortgage financing. In recent years interest rates have been at historical lows. Many homebuyers have also chosen adjustable rate, interest only or other mortgages that involve initial lower monthly payments. As a result, new homes have been more affordable. Increases in interest rates or decreases in the availability of mortgage financing, however, could reduce the market for new homes. Potential homebuyers may be less willing or able to pay the increased monthly costs or to obtain mortgage financing that exposes them to interest rate changes. Lenders may increase the qualifications needed for mortgages or adjust their terms to address any increased credit risk. Even if potential customers do not need financing, changes in interest rates and mortgage availability could make it harder for them to sell their current homes to potential buyers who need financing. These matters could adversely affect the sales or pricing of our homes and could also reduce the volume or margins in our financial services business. The impact on our financial services business could be compounded to the extent we are unable to match interest rates and amounts on loans we have committed to originate through the various hedging strategies we employ.

In addition, we believe that the availability of FHA and VA mortgage financing is an important factor in marketing some of our homes. We also believe that the liquidity provided by Fannie Mae and Freddie Mac to the mortgage industry is important to the housing market. However, the federal government has sought to limit the size of the home-loan portfolios and operations of these two government-sponsored enterprises. Any limitations or restrictions on the availability of the financing or on the liquidity provided by them could adversely affect interest rates, mortgage financing and our sales of new homes and mortgage loans.

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Significant expenses of owning a home, including mortgage interest expense and real estate taxes, generally are deductible expenses for an individual's federal, and in some cases state, income taxes, subject to various limitations under current tax law and policy. If the federal government or a state government changes its income tax laws, as has been discussed, to eliminate or substantially modify these income tax deductions, the after-tax cost of owning a new home could increase for many of our potential customers. The resulting loss or reduction of homeowner tax deductions, if such tax law changes were enacted without offsetting provisions, could adversely impact demand for and sales prices of new homes.

***Governmental regulations could increase the cost and limit the availability of our development and homebuilding projects or affect our related financial services operations and adversely affect our business or our financial results.***

We are subject to extensive and complex regulations that affect land development and home construction, including zoning, density restrictions, building design and building standards. These regulations often provide broad discretion to the administering governmental authorities as to the conditions we must meet prior to being approved, if approved at all. We are subject to determinations by these authorities as to the adequacy of water or sewage facilities, roads or other local services. In addition, in many markets government authorities have implemented no growth or growth control initiatives. Any of these can limit, delay or increase the costs of development or homebuilding.

New housing developments may be subject to various assessments for schools, parks, streets and other public improvements, which could cause an increase in the effective prices for our homes. In addition, increases in property tax rates by local governmental authorities, as experienced in response to reduced federal and state funding, can adversely affect the ability of potential customers to obtain financing or their desire to purchase new homes.

We also are subject to a variety of local, state and federal laws and regulations concerning protection of health, safety and the environment. The impact of environmental laws varies depending upon the prior uses of the building site or adjoining properties and may be greater in areas with less supply where undeveloped land or desirable alternatives are less available. These matters may result in delays, may cause us to incur substantial compliance, remediation and other costs, and could prohibit or severely restrict development and homebuilding activity in environmentally sensitive regions or areas.

Our financial services operations are also subject to numerous federal, state and local laws and regulations. These include eligibility requirements for participation in federal loan programs and compliance with consumer lending and similar requirements such as disclosure requirements, prohibitions against discrimination and real estate settlement procedures. They may also subject our operations to examination by the applicable agencies. These may limit our ability to provide mortgage financing or title services to potential purchasers of our homes.

***Our substantial debt could adversely affect our financial condition.***

We have a significant amount of debt. As of March 31, 2006, our consolidated debt was \$5,523.7 million. In the ordinary course of business, we may incur significant additional debt, to the extent permitted by our revolving credit facility and our indentures.

*Possible Consequences.* The amount of our debt could have important consequences. For example, it could:

limit our ability to obtain future financing for working capital, capital expenditures, acquisitions, debt service requirements or other requirements;

require us to dedicate a substantial portion of our cash flow from operations to payment of our debt and reduce our ability to use our cash flow for other purposes;

limit our flexibility in planning for, or reacting to, the changes in our business;

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place us at a competitive disadvantage because we have more debt than some of our competitors; and

make us more vulnerable in the event of a downturn in our business or in general economic conditions.

*Dependence on Future Performance.* Our ability to meet our debt service and other obligations will depend upon our future financial performance. We are engaged in businesses that are substantially affected by changes in economic conditions. Our revenues and earnings vary with the level of general economic activity in the markets we serve. Our businesses are also affected by financial, political, business and other factors, many of which are beyond our control. The factors that affect our ability to generate cash can also affect our ability to raise additional funds for these purposes through the sale of debt or equity securities, the refinancing of debt, or the sale of assets. Changes in prevailing interest rates may affect our ability to meet our debt service obligations, because borrowings under our credit facilities bear interest at floating rates and our interest rate swap agreements fix our interest rate for only a portion of these borrowings.

As of March 31, 2006, the scheduled maturities of principal on our outstanding debt for the subsequent 12 months totaled \$711.1 million, including \$675.0 million in financial services debt that must be renewed annually. This amount includes \$340.0 million under our mortgage warehouse loan facility that we renewed in April 2006 and \$335.0 million under our commercial paper conduit facility that we plan to renew and extend prior to its maturity on June 29, 2006. Based on the current level of operations, we believe our cash flow from operations, available cash, available borrowings under our credit facilities and our ability to access the capital markets and to refinance or renew our credit facilities in a timely manner will be adequate to meet our future cash needs. We cannot, however, make any assurances that in the future our business will generate sufficient cash flow from operations or that borrowings or access to the capital markets or refinancing or renewal facilities will be available to us in amounts sufficient to enable us to pay or refinance our indebtedness or to fund other cash needs.

*Indenture and Revolving Credit Facility Restrictions.* Our revolving credit facility and the indentures governing our senior subordinated notes impose restrictions on our operations and activities. The most significant restrictions relate to limits on investments, cash dividends, stock repurchases and other restricted payments, incurrence of indebtedness, creation of liens and asset dispositions, and require maintenance of a maximum leverage ratio, a minimum ratio of EBITDA to interest incurred, minimum levels of tangible net worth and compliance with other financial covenants. In addition, the indentures governing our senior notes impose restrictions on the creation of liens. If we fail to comply with any of these restrictions or covenants, the trustees, the noteholders or the lending banks, as applicable, could cause our debt to become due and payable prior to maturity. If we do not maintain our current credit ratings, available credit under our revolving credit facility is subject to limitations based on specified percentages of unsold homes, developed lots and lots under development included in inventory and the amount of other senior unsecured indebtedness.

*Change of Control Purchase Options.* If a change of control occurs as defined in the indentures governing many other series of our senior and senior subordinated notes, constituting \$2,294.8 million principal amount in the aggregate as of March 31, 2006, we would be required to offer to purchase such notes at 101% of their principal amount, together with all accrued and unpaid interest, if any. Moreover, a change of control may also result in the acceleration of our revolving credit facility. If purchase offers were required under the indentures for these notes or our revolving credit facility debt were accelerated, we can give no assurance that we would have sufficient funds to pay the amounts that we would be required to repurchase or repay. We currently would not have sufficient funds available to purchase all of such outstanding debt upon a change of control.

*Impact of Financial Services Debt.* Our financial services business is conducted through subsidiaries that are not restricted by our indentures or revolving credit facility. The ability of our financial services segment to provide funds

to our homebuilding operations, however, is subject to restrictions in its own credit facilities. These funds would not be available to us upon the occurrence and during the continuance of defaults under these facilities. Moreover, our right to receive assets from these subsidiaries upon liquidation or recapitalization will be subject to the prior claims of the creditors of these subsidiaries. Any claims we may have to funds from this segment would be subordinate to subsidiary indebtedness to the extent of any security for such indebtedness and to any indebtedness otherwise recognized as senior to our claims.

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***Homebuilding and financial services are very competitive, and competitive conditions could adversely affect our business or our financial results.***

The homebuilding industry is highly competitive. Homebuilders compete not only for homebuyers, but also for desirable properties, financing, raw materials and skilled labor. We compete with other local, regional and national homebuilders, including those with a sales presence on the Internet, often within larger subdivisions designed, planned and developed by such homebuilders. The competitive conditions in the homebuilding industry could result in:

difficulty in acquiring suitable land at acceptable prices;

increased selling incentives;

lower sales or profit margins; or

delays in construction of our homes.

Our financial services business competes with other mortgage lenders, including national, regional and local mortgage banks, savings and loan associations and other financial institutions. Mortgage lenders with greater access to capital markets or different lending criteria may be able to offer more attractive financing to potential customers.

If we are affected by these competitive conditions at increased levels, our business and financial results could be adversely affected.

***Our future growth may require additional capital, which may not be available.***

Our operations require significant amounts of cash, and our requirements for capital typically increase in the third and fourth quarters of our fiscal year. We may be required to seek additional capital, whether from sales of equity or debt or additional bank borrowings, for the future growth and development of our business. We can give no assurance as to the availability of such additional capital or, if available, whether it would be on terms acceptable to us. Moreover, the indentures for some of our outstanding public debt and the covenants of our revolving credit facility contain provisions that may restrict the debt we may incur in the future. If we are not successful in obtaining sufficient capital, it could reduce our sales and may adversely affect our future growth and financial results.

***We cannot make any assurances that our growth strategies will be successful.***

Since 1993, we have acquired many homebuilding companies. Although we have recently focused on internal growth, we may make strategic acquisitions of homebuilding companies in the future. Successful strategic acquisitions require the integration of operations and management and other efforts to realize the benefits that may be available. Although we believe that we have been successful in doing so in the past, we can give no assurance that we would be able to identify, acquire and integrate successfully strategic acquisitions in the future. Acquisitions can result in the dilution of existing stockholders if we issue our common stock as consideration or reduce our liquidity or increase our debt if we fund them with cash. In addition, acquisitions can expose us to the risk of writing off goodwill related to such acquisitions based on the subsequent results of the reporting units to which the acquired businesses were assigned. Moreover, we may not be able to implement successfully our operating and growth strategies within our existing markets.

***Homebuilding is subject to home warranty and construction defect claims in the ordinary course of business that can be significant.***

As a homebuilder, we are subject to home warranty and construction defect claims arising in the ordinary course of business. As a consequence, we maintain product liability insurance, obtain indemnities and certificates of insurance from subcontractors generally covering claims related to workmanship and materials, and create warranty and other reserves for the homes we sell based on historical experience in our markets and our judgment of the qualitative risks associated with the types of homes built. Because of the uncertainties inherent to these matters, we cannot provide assurance that our insurance coverage, our subcontractor arrangements and our reserves will be adequate to address all of our warranty and construction defect claims in the future. Contractual indemnities can be difficult to enforce, we may be responsible for applicable self-insured retentions and some types of claims may not



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be covered by insurance or may exceed applicable coverage limits. Additionally, the coverage offered by and the availability of product liability insurance for construction defects is currently limited and costly. We have responded to increases in insurance costs and coverage limitations by increasing our self-insured retentions and claim reserves. There can be no assurance that coverage will not be further restricted or become more costly.

**THE COMPANY**

D.R. Horton, Inc. is the largest homebuilding company in the United States, based on the number of our domestic homes closed during the 12 months ended September 30, 2005. We construct and sell high quality single-family homes through our operating divisions in 27 states and 82 metropolitan markets of the United States, primarily under the name of D.R. Horton, *America's Builder*. D.R. Horton, Inc. is a Fortune 500 company, and our common stock is included in the S&P 500 Index and listed on the New York Stock Exchange under the ticker symbol DHI.

Donald R. Horton began our homebuilding business in 1978. In 1991, we were incorporated in Delaware to acquire the assets and businesses of our predecessor companies, which were residential home construction and development companies owned or controlled by Mr. Horton. In 1992, we completed our initial public offering of our common stock. From inception, we have consistently grown the size of our company by investing our available capital into our existing homebuilding markets and into start-up operations in new markets. Additionally, we have acquired numerous other homebuilding companies, which have strengthened our market position in existing markets and expanded our geographic presence and product offerings in other markets. The success of our organic growth strategies and our effective acquisition strategy has enabled us to become the largest homebuilding company in the United States, a distinction we have maintained for our last four fiscal years. Our homes generally range in size from 1,000 to 5,000 square feet and range in price from \$90,000 to \$900,000. For the year ended September 30, 2005, we closed 51,172 homes with an average closing sales price of approximately \$261,400. For the six months ended March 31, 2006, we closed 22,461 homes with an average closing sales price of approximately \$278,800.

Through our financial services operations, we provide mortgage banking and title agency services to homebuyers in many of our homebuilding markets. DHI Mortgage, our wholly-owned subsidiary, provides mortgage financing services, principally to purchasers of homes we build and sell. Our subsidiary title companies serve as title insurance agents by providing title insurance policies, examination and closing services, primarily to purchasers of homes we build and sell.

Our financial reporting segments consist of homebuilding and financial services. Our homebuilding operations are by far the most substantial part of our business, comprising approximately 98% of consolidated revenues and 96% of consolidated income before income taxes for the year ended September 30, 2005 and the six months ended March 31, 2006 and 2005. Our homebuilding segment generates the majority of its revenues from the sale of completed homes, with a lesser amount from the sale of land and lots. In addition to building traditional single-family detached homes, the homebuilding segment also builds attached homes, such as town homes, duplexes, triplexes and condominiums (including some mid-rise buildings), which share common walls and roofs. The sale of detached homes generated approximately 83% of home sales revenues for the year ended September 30, 2005, and approximately 81% and 85% of home sales revenues for the six months ended March 31, 2006 and 2005, respectively. Our financial services segment generates its revenues from originating and selling mortgages and collecting fees for title insurance and closing services. Financial information, including revenue, pre-tax income and identifiable assets, for both of our reporting segments is included in our consolidated financial statements, which are incorporated by reference into this prospectus from our annual report on Form 10-K for the year ended September 30, 2005 and from each of our quarterly reports on Form 10-Q for the quarters ended December 31, 2005 and March 31, 2006.

For more information about our business, please refer to the **Business** section in our annual report on Form 10-K for the year ended September 30, 2005, and the **Management's Discussion and Analysis of Financial Condition and**

Results of Operations sections in our annual report on Form 10-K for the year ended September 30, 2005 and each of our quarterly reports on Form 10-Q for the quarters ended December 31, 2005 and March 31, 2006.

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Our principal executive offices are at 301 Commerce Street, Suite 500, Fort Worth, Texas 76102, our telephone number is (817) 390-8200, and our Internet website address is *www.drhorton.com*. Information on our Internet website is not part of this prospectus.

## **Recent Developments**

*Quarterly Cash Dividend.* In April 2006, our Board of Directors declared a cash dividend of ten cents (\$0.10) per share. The dividend represents an 11% increase over the nine cents (\$0.09) per share cash dividend declared in the same quarter of fiscal 2005. The quarterly cash dividend, which totaled \$31.3 million, was paid on May 19, 2006.

*Renewal of Mortgage Warehouse Loan Facility of Our Financial Services Segment.* On April 7, 2006, our mortgage subsidiary amended and restated its mortgage warehouse loan facility to extend the maturity date to April 6, 2007, and to increase the available capacity to \$670 million until May 1, 2006, and then to \$540 million thereafter, subject to increases upon consent of the lenders to \$750 million under the accordion feature of the facility. The mortgage warehouse loan facility is secured by mortgage loans held for sale and is not guaranteed by us or any of the guarantors of our homebuilding debt.

*Termination of Specified Covenants in Outstanding Senior Notes.* The indentures governing approximately \$2,000.0 million of our senior notes provide for the termination of specified covenants when we have achieved investment grade ratings from both Standard & Poor's Ratings Group and Moody's Investors Service Inc. These covenants include restrictions on our stock repurchases, cash dividends and other restricted payments, incurrence of indebtedness and asset dispositions. We have had the required rating from Moody's since November 2005, and we received the required rating from Standard & Poor's in April 2006. As a result, the foregoing restrictions have ceased to apply to these senior notes and will not apply in the future even if our ratings change. However, similar restrictions continue to apply to our senior subordinated notes.

*Issuance of Senior Notes.* In April 2006, we issued \$750 million aggregate principal amount of our senior notes, consisting of \$250 million of our 6.0% senior notes due 2011 and \$500 million of our 6.5% senior notes due 2016. The notes are unsecured, senior obligations of our company and rank equally with all of our existing and future unsecured and unsubordinated indebtedness, including our revolving credit facility. The net proceeds from the April offering were used to reduce borrowings under our revolving credit facility.

*Stock Option Grant.* On May 2, 2006, the Compensation Committee of our Board of Directors granted stock options to our executive officers and other officers and certain of our employees, and our Board of Directors granted stock options to our outside directors, to purchase approximately 3.0 million shares of our common stock at a price of \$29.44 per share, the closing market price of our common stock on the date of grant. Our future compensation expense related to these stock option grants is expected to be \$27.7 million and will be recognized over a weighted average period of 9.3 years.

*Voluntary Redemption of 10.5% Senior Subordinated Notes due 2011.* On June 12, 2006, we provided a final notice to the trustee for our 10.5% senior subordinated notes due 2011 that we are voluntarily calling all of these notes for full redemption on July 15, 2006 in accordance with the terms of the indenture governing the notes. The 10.5% senior subordinated notes will be redeemed at a price of \$1,052.50 per \$1,000 note outstanding, which will result in an aggregate redemption price of approximately \$152.4 million to be paid by us on July 15, 2006. In addition, on July 15, 2006, we will pay accrued and unpaid semi-annual interest of \$52.50 per \$1,000 note, approximately \$7.6 million, to holders of record as of July 1, 2006.

## **THE TRUSTS**

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We have created three Delaware statutory trusts pursuant to three trust agreements executed by us as sponsor for each trust, appointed trustees for each trust and filed a certificate of trust for each trust with the Delaware Secretary of State. The trusts are named DRH Capital Trust I, DRH Capital Trust II and DRH Capital Trust III. The trust agreement of each trust will be amended and restated prior to the issuance and sale by such trust of its trust securities, which consist of trust preferred securities and trust common securities. The original trust agreement and the form of the amended and restated trust agreement are filed as exhibits to the registration statement of which this

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prospectus forms a part. The trust agreement for each trust states the terms and conditions for each trust to issue and sell its trust securities.

Each trust will exist solely to:

issue and sell its trust securities;

use the proceeds from the sale of its trust securities to purchase and hold a series of our subordinated trust debt securities;

maintain its status as a grantor trust for federal income tax purposes; and

engage in other activities that are necessary or incidental to these purposes.

We will purchase all of the trust common securities of each trust if any such securities are sold. The trust common securities will represent an aggregate liquidation amount equal to at least 3% of each trust's total capitalization. The trust common securities will have terms substantially identical to, and will rank equal in priority of payment with, the trust preferred securities. However, if an event of default under a trust agreement occurs, cash distributions and liquidation, redemption and other amounts payable on the trust common securities will be subordinate to the trust preferred securities in priority of payment.

We will guarantee the trust preferred securities as described later in this prospectus.

Trustees appointed by us, as holder of the trust common securities, will conduct each trust's business and affairs. The trust agreements will govern the duties and obligations of the trustees. Pursuant to each trust agreement, the number of trustees will initially be four, with three different functions. Two of the trustees, who are administrative trustees, will be persons who are our employees or officers or are otherwise affiliated with us. The third trustee, which is the Delaware trustee, will be an individual resident of the State of Delaware or a corporation which maintains a principal place of business in the State of Delaware. The Delaware trustee will serve the sole purpose of complying with certain Delaware laws. The fourth trustee will be a bank or trust company unaffiliated with us and will serve as property trustee under each trust agreement and as indenture trustee for purposes of the Trust Indenture Act of 1939. Currently, CT Corporation System acts as the Delaware trustee and American Stock Transfer & Trust Company as the property trustee. The property trustee will also act as indenture trustee under the indenture and guarantee trustee under the trust guarantee as described later in this section. We, as the holder of all the trust common securities, will have the right to appoint, remove or replace any trustee and to increase or decrease the number of trustees, provided that the number of trustees will be at least three, two of which will be the administrative trustees and one of which will be the Delaware trustee.

The property trustee will hold title to our subordinated trust debt securities held by the trust for the benefit of the holders of the trust securities. The property trustee will have the power to exercise all rights, powers and privileges as the holder of the subordinated trust debt securities under the indenture pursuant to which the subordinated trust debt securities will be issued. In addition, the property trustee will maintain exclusive control of a segregated non-interest bearing bank account to hold all payments made in respect of the subordinated trust debt securities for the benefit of the holders of the trust securities. The property trustee will make payments of distributions and payments on liquidation, redemption and otherwise to the holders of the trust securities out of funds from the account. The guarantee trustee will hold the guarantee by us of the trust securities for the benefit of the holders of the trust preferred securities.

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We will pay all fees and expenses related to each trust and each offering of the related trust preferred securities and will pay all ongoing costs and expenses of each trust, except such trust's obligations under the related trust securities.

The rights of the holders of the trust preferred securities, including economic rights, rights to information and voting rights, are set forth in each trust's trust agreement and the Delaware Statutory Trust Act and the Trust Indenture Act. The principal place of business of each trust is c/o D.R. Horton, Inc., 301 Commerce Street, Suite 500, Fort Worth, Texas 76102. The telephone number is 817-390-8200.

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### **Accounting Treatment**

Under the requirements of Financial Accounting Standards Board Interpretation No. 46(R), Consolidation of Variable Interest Entities, we expect the trusts will not be consolidated in our consolidated financial statements. Accordingly, we will recognize the aggregate principal amount of our subordinated trust debt securities sold to a trust as a liability on our balance sheet. Our financial statements will include a note that will disclose, among other things, that the assets of the trust consist of our subordinated trust debt securities sold to the trust and will specify the designation, principal amount, interest rate and maturity date of the subordinated trust debt securities held by it. Because the actual terms of an issuance of trust preferred securities could affect the accounting treatment, the prospectus supplement relating to an offering of trust preferred securities will describe the accounting treatment expected to apply to such securities.

## **SECURITIES WE MAY OFFER**

### **Types of Securities**

The types of securities that we may offer and sell from time to time by this prospectus are:

debt securities, which we may issue in one or more series and which may include guarantees of the debt securities by most of our subsidiaries;

preferred stock, which we may issue in one or more series;

depository shares;

common stock;

warrants entitling the holders to purchase common stock, preferred stock or debt securities;

stock purchase contracts; or

stock purchase units.

In addition, from time to time by this prospectus, one or more of the trusts may offer and sell trust preferred securities, which will include our trust guarantees. The trusts will hold our subordinated trust debt securities, which may be distributed to holders of trust securities under specified circumstances.

We may also offer and sell units of the above securities, which may or may not include trust preferred securities issued by one or more of the trusts.

When we sell securities, we will determine the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or dealers or directly to purchasers.

### **Additional Information**

We will describe in a prospectus supplement, which we will deliver with this prospectus, the terms of particular securities which we may offer in the future. In each prospectus supplement we will include the following information:

the type and amount of securities which we propose to sell;

the initial public offering price of the securities;

the names of the underwriters, agents or dealers, if any, through or to which we will sell the securities;

the compensation, if any, of those underwriters, agents or dealers;

if applicable, information about securities exchanges or automated quotation systems on which the securities will be listed or traded;

material United States federal income tax considerations applicable to the securities;



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any material risk factors associated with the securities; and

any other material information about the offer and sale of the securities.

In addition, the prospectus supplement may also add, update or change the information contained in this prospectus.

**USE OF PROCEEDS**

Except as may be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities for general corporate purposes. These purposes may include:

reducing or repaying existing indebtedness, including our revolving credit facility or outstanding debt securities;

providing additional working capital;

acquiring and developing land;

constructing new homes; and

acquiring companies in homebuilding and related businesses.

**SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA**

The following summary consolidated financial information for the five years ended September 30, 2005 is derived from our audited consolidated financial statements, except as described in the footnotes below. The following summary consolidated financial information for the six months ended March 31, 2006 and 2005 is derived from our unaudited consolidated financial statements. The data should be read in conjunction with the consolidated financial statements, related notes, management's discussion and analysis of financial condition and results of operations, and other financial information incorporated by reference into this prospectus. These historical results are not necessarily indicative of the results to be expected in the future. Interim results for the current year are not necessarily indicative of the results that may be expected for the entire year.

|  | <b>Six Months Ended</b> |             | <b>Year Ended September 30,</b> |             |             |             |             |
|--|-------------------------|-------------|---------------------------------|-------------|-------------|-------------|-------------|
|  | <b>March 31,</b>        |             |                                 |             |             |             |             |
|  | <b>2006</b>             | <b>2005</b> | <b>2005</b>                     | <b>2004</b> | <b>2003</b> | <b>2002</b> | <b>2001</b> |

(In millions, except per share amounts and number of homes)

**Income statement data(1):**

## Revenues:

|                             |            |            |             |             |            |            |            |
|-----------------------------|------------|------------|-------------|-------------|------------|------------|------------|
| Homebuilding                | \$ 6,368.3 | \$ 5,301.0 | \$ 13,628.6 | \$ 10,658.0 | \$ 8,552.1 | \$ 6,625.2 | \$ 4,383.6 |
| Financial services          | 132.4      | 95.8       | 235.1       | 182.8       | 176.0      | 113.6      | 72.0       |
| Gross profit homebuilding   | 1,716.9    | 1,346.5    | 3,488.3     | 2,460.7     | 1,746.3    | 1,260.8    | 856.4      |
| Income before income taxes: |            |            |             |             |            |            |            |
| Homebuilding                | 1,021.9    | 832.7      | 2,273.0     | 1,508.2     | 914.7      | 591.1      | 380.8      |
| Financial services          | 47.3       | 37.2       | 105.6       | 74.7        | 93.5       | 56.4       | 27.0       |
|                             | 662.9      | 535.0      | 1,470.5     | 975.1       | 626.0      | 404.7      | 254.9      |

|   |       |       |         |       |       |       |       |
|---|-------|-------|---------|-------|-------|-------|-------|
| Income before cumulative effect of change in accounting principle(2)        |       |       |         |       |       |       |       |
| Cumulative effect of change in accounting principle, net of income taxes(3) |       |       |         |       |       |       | 2.1   |
| Net income  | 662.9 | 535.0 | 1,470.5 | 975.1 | 626.0 | 404.7 | 257.0 |

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|   | <b>Six Months Ended</b>  |             | <b>Year Ended September 30,</b> |             |             |             | <b>2001</b> |
|---|--|-------------|---------------------------------|-------------|-------------|-------------|-------------|
|   | <b>2006</b>  | <b>2005</b> | <b>2005</b>                     | <b>2004</b> | <b>2003</b> | <b>2002</b> |             |
|   | <b>March 31,</b>   |             |                                 |             |             |             |             |
|   | <b>(In millions, except per share amounts and number of homes)</b> |             |                                 |             |             |             |             |
| Income before cumulative effect of change in accounting principle per share(4): |  |             |                                 |             |             |             |             |
| Basic   | 2.12   | 1.72        | 4.71                            | 3.14        | 2.11        | 1.51        | 1.12        |
| Diluted(2)(5)   | 2.09   | 1.68        | 4.62                            | 3.09        | 1.99        | 1.39        | 1.07        |
| Net income per share(4):  |  |             |                                 |             |             |             |             |
| Basic   | 2.12   | 1.72        | 4.71                            | 3.14        | 2.11        | 1.51        | 1.13        |
| Diluted(5)  | 2.09   | 1.68        | 4.62                            | 3.09        | 1.99        | 1.39        | 1.08        |
| <b>Selected operating data(1):</b>  |  |             |                                 |             |             |             |             |
| Gross profit margin homebuilding  | 27.0%  | 25.4%       | 25.6%                           | 23.1%       | 20.4%       | 19.0%       | 19.5%       |
| Number of homes closed  | 22,461   | 20,281      | 51,172                          | 43,567      | 35,934      | 29,761      | 21,371      |
| Net sales orders (homes)(6)   | 27,234   | 24,302      | 53,232                          | 45,263      | 38,725      | 31,491      | 22,179      |
| Net sales orders (\$ value)(6)  | \$ 7,530.0   | \$ 6,754.4  | \$ 14,643.4                     | \$ 11,406.2 | \$ 9,162.3  | \$ 6,885.9  | \$ 4,502.6  |
| Sales order backlog at end of period (homes)(7)                                 | 24,017   | 21,205      | 19,244                          | 17,184      | 15,488      | 12,697      | 9,263       |
| Sales order backlog at end of period (\$ value)(7)                              | \$ 7,103.9   | \$ 6,167.0  | \$ 5,835.2                      | \$ 4,568.5  | \$ 3,653.4  | \$ 2,825.2  | \$ 1,933.8  |
| <b>Other financial data(1):</b>   |  |             |                                 |             |             |             |             |
| Interest expensed:  |  |             |                                 |             |             |             |             |
| Expensed directly   | \$ 30.9  | \$ 5.0      | \$ 21.2                         | \$ 9.3      | \$ 12.6     | \$ 11.5     | \$ 14.1     |
| Amortized to cost of sales  | 104.4  | 98.9        | 225.0                           | 249.0       | 219.4       | 136.2       | 91.4        |
| Provision for income taxes  | 406.3  | 334.9       | 908.1                           | 607.8       | 382.2       | 242.8       | 152.9       |
| Depreciation and amortization   | 26.4   | 26.8        | 52.8                            | 49.6        | 41.8        | 32.8        | 31.2        |
| Interest incurred(8)  | 181.5  | 140.9       | 294.1                           | 242.6       | 246.9       | 204.3       | 136.3       |

|  | <b>As of March 31,</b> |             |             | <b>As of September 30,</b> |             |             |             |
|--|------------------------|-------------|-------------|----------------------------|-------------|-------------|-------------|
|  | <b>2006</b>            | <b>2005</b> | <b>2005</b> | <b>2004</b>                | <b>2003</b> | <b>2002</b> | <b>2001</b> |
|  | <b>(In millions)</b>   |             |             |                            |             |             |             |

**Balance sheet  
data(1):**

|                     |             |            |            |            |            |            |            |
|---------------------|-------------|------------|------------|------------|------------|------------|------------|
| Inventories         | \$ 10,852.4 | \$ 7,926.7 | \$ 8,486.8 | \$ 6,567.4 | \$ 5,082.3 | \$ 4,343.1 | \$ 2,804.4 |
| Total assets        | 13,511.0    | 10,540.5   | 12,514.8   | 8,985.2    | 7,279.4    | 6,017.5    | 3,652.2    |
| Notes payable       | 5,523.7     | 4,340.6    | 4,909.6    | 3,499.2    | 2,963.2    | 2,878.3    | 1,884.3    |
| Stockholders equity | 5,944.0     | 4,469.4    | 5,360.4    | 3,960.7    | 3,031.3    | 2,269.9    | 1,250.2    |

- (1) On February 21, 2002, we acquired Schuler Homes in a merger. The total merger consideration consisted of 20,079,532 shares of D.R. Horton, Inc. common stock (before any of our stock splits), valued at \$30.93 per share; \$168.7 million in cash; \$802.2 million of assumed Schuler debt, \$238.2 million of which was paid at closing; \$218.7 million of assumed trade payables and other liabilities; and \$10.8 million of assumed obligations to the Schuler entities minority interest holders. Schuler s revenues for the period February 22, 2002 through September 30, 2002 were \$1,246.6 million.
- (2) Beginning in fiscal 2002, pursuant to our adoption of Statement of Financial Accounting Standards No. 142, we no longer amortize goodwill, but test it for impairment annually. If we had not amortized goodwill in fiscal 2001, reported net income and diluted net income per share (before cumulative effect of change in accounting

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principle and adjusted to reflect the effects of the three-for-two common stock splits, effected as 50% stock dividends and paid on April 9, 2002 and January 12, 2004, and the four-for-three common stock split, effected as a 331/3% stock dividend and paid on March 16, 2005) would have been:

|           | Income Before Cumulative<br>Effect of<br>Change in Accounting<br>Principle<br><br>(In millions) |                                       |                                       | Diluted Income Before<br>Cumulative Effect of<br>Change in Accounting Principle<br>per Share |          |                                       |
|-----------|---|---------------------------------------|---------------------------------------|--|----------|---------------------------------------|
|           | Originally<br>Reported  | Excluding<br>Goodwill<br>Amortization | Including<br>Goodwill<br>Amortization | Excluding<br>Goodwill<br>Amortization  | Increase | Excluding<br>Goodwill<br>Amortization |
|           |   | Increase                              |                                       | Increase   |          |                                       |
| 2001..... | \$ 254.9  | \$ 6.0                                | \$ 260.9                              | \$ 1.07  | \$ 0.03  | \$ 1.10                               |

- (3) In fiscal 2001, we recorded a cumulative effect of a change in accounting principle of \$2.1 million, net of income taxes of \$1.3 million, as an adjustment to net income, related to our adoption of Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities.
- (4) Per share amounts reflect the effects of the three-for-two stock splits of April 2002 and January 2004, and the four-for-three stock split of March 2005.
- (5) In October 2004, the Financial Accounting Standards Board ratified EITF Issue No. 04-8, The Effect of Contingently Convertible Debt on Diluted Earnings per Share ( EITF 04-8 ). EITF 04-8 requires that shares underlying contingently convertible debt be included in diluted earnings per share computations using the if-converted method regardless of whether the market price trigger or other contingent features have been met. The effective date for EITF 04-8 was for reporting periods ending after December 15, 2004. EITF 04-8 also requires restatement of earnings per share amounts for prior periods presented during which the instrument was outstanding. In May 2001, we issued zero coupon convertible senior notes, which were converted into shares of our common stock in June 2003. During certain quarters of the years ended September 30, 2003, 2002 and 2001, the market price trigger was not met and the convertible shares were not included in the computation of diluted net income per share. The adoption of EITF 04-8 reduced our diluted net income per share for the years ended September 30, 2003, 2002 and 2001 by \$0.06, \$0.05 and \$0.03, respectively (each adjusted to reflect the effects of the three-for-two common stock splits, effected as 50% stock dividends and paid on April 9, 2002 and January 12, 2004, and the four-for-three common stock split, effected as a 331/3% stock dividend and paid on March 16, 2005).
- (6) Represents homes placed under contract during the period, net of cancellations.
- (7) Represents homes under contract but not yet closed at the end of the period, many of which are subject to contingencies, including mortgage loan approval, which can result in cancellations. In the past, our backlog has been a reliable indicator of the level of closings in our two subsequent fiscal quarters, although a portion of the contracts in backlog will not result in closings principally due to cancellations. We cannot assure you that homes subject to pending sales contracts will close.
- (8) Interest incurred consists of all interest costs, whether expensed or capitalized, including amortization of debt issuance costs, if applicable.

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges for the five years ended September 30, 2005 and for the six months ended March 31, 2006:

|             | <b>Six<br/>Months<br/>Ended</b> |             | <b>Year Ended September 30,</b> |             |             |             |
|-------------|---------------------------------|-------------|---------------------------------|-------------|-------------|-------------|
|             | <b>March 31,<br/>2006</b>       | <b>2005</b> | <b>2004</b>                     | <b>2003</b> | <b>2002</b> | <b>2001</b> |
| Ratio. .... | 6.39                            | 8.60        | 7.39                            | 4.95        | 3.81        | 3.69        |

For purposes of computing the ratio of earnings to fixed charges, earnings consist of income, including distributions received from equity investments, before income taxes, cumulative effect of a change in accounting principle, interest expensed, interest amortized to cost of sales and income attributable to minority interests. Fixed charges consist of interest incurred, whether expensed or capitalized, including amortization of debt issuance costs, if applicable, and the portion of rent expense deemed to represent interest.

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**DESCRIPTION OF DEBT SECURITIES**

We may issue debt securities under one or more indentures entered into or to be entered into between us, most of our subsidiaries if they guarantee the debt securities, and American Stock Transfer & Trust Company, New York, New York, as trustee, or another trustee chosen by us, qualified to act as such under the Trust Indenture Act and appointed in a supplemental indenture with respect to a particular series. The indentures are governed by the Trust Indenture Act.

The following is a summary of the indentures. It does not restate the indentures entirely. We urge you to read the indentures. We have filed the indentures as exhibits to the registration statement of which this prospectus is a part, and you may inspect them at the office of the trustee, or as described under **Incorporation of Certain Documents By Reference**. References below to an indenture are references to the applicable indenture, as supplemented, under which a particular series of debt securities is issued.

**Terms of the Debt Securities**

Our debt securities will be unsecured obligations of D.R. Horton, Inc. We may issue them in one or more series. Authorizing resolutions or a supplemental indenture will set forth the specific terms of each series of debt securities. We will provide a prospectus supplement for each series of debt securities that will describe:

the title of the debt securities and whether the debt securities are senior, senior subordinated, or subordinated debt securities;

the aggregate principal amount of the debt securities and any limit upon the aggregate principal amount of the series of debt securities;

the date or dates on which principal of the debt securities will be payable and the amount of principal which will be payable;

the rate or rates (which may be fixed or variable) at which the debt securities will bear interest, if any, as well as the dates from which interest will accrue, the dates on which interest will be payable and the record date for the interest payable on any payment date;

the currency or currencies in which principal, premium, if any, and interest, if any, will be payable;

the place or places where principal, premium, if any, and interest, if any, on the debt securities will be payable and where debt securities which are in registered form can be presented for registration of transfer or exchange; and the identification of any depository or depositories for any global debt securities;

any provisions regarding our right to redeem or purchase debt securities or the right of holders to require us to redeem or purchase debt securities;

the right, if any, of holders of the debt securities to convert them into our common stock or other securities, including any provisions intended to prevent dilution of the conversion rights;

any provisions requiring or permitting us to make payments to a sinking fund to be used to redeem debt securities or a purchase fund to be used to purchase debt securities;

the percentage of the principal amount at which debt securities will be issued and, if other than the full principal amount thereof, the percentage of the principal amount of the debt securities which is payable if maturity of the debt securities is accelerated because of a default;

the terms, if any, upon which debt securities may be subordinated to our other indebtedness;

any additions to, modifications of or deletions from the terms of the debt securities with respect to events of default or covenants or other provisions set forth in the indenture; and

any other material terms of the debt securities, which may be different from the terms set forth in this prospectus.



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Each prospectus supplement will describe, as to the debt securities to which it relates, any guarantees by our direct and indirect subsidiaries which may guarantee the debt securities, including the terms of subordination, if any, of any such guarantee.

The applicable prospectus supplement will also describe any material covenants to which a series of debt securities will be subject.

## **Events of Default and Remedies**

Unless otherwise described in the prospectus supplement, an event of default with respect to any series of debt securities will be defined in the indenture or applicable supplemental indenture as being:

our default in payment of the principal of or premium, if any, on any of the debt securities of such series;

default for 30 days in payment of any installment of interest on any debt security of such series beyond any applicable grace period;

default by us or any guarantor subsidiary for 60 days after notice in the observance or performance of any other covenants in the indenture or applicable supplemental indenture relating to such series; and

bankruptcy, insolvency or reorganization of our company or our significant guarantor subsidiaries.

The indenture will provide that the trustee may withhold notice to the holders of any series of debt securities of any default, except a default in payment of principal, premium, if any, or interest, if any, with respect to such series of debt securities, if the trustee considers it in the interest of the holders of such series of debt securities to do so.

The indenture will provide that if any event of default has occurred and is continuing with respect to any series of debt securities, the trustee or the holders of not less than 25% in principal amount of such series of debt securities then outstanding may declare the principal of all the debt securities of such series to be due and payable immediately. However, the holders of a majority in principal amount of the debt securities of such series then outstanding by written notice to the trustee and to us may waive any event of default with respect to such series of debt securities, other than any event of default in payment of principal or interest. Holders of a majority in principal amount of the then outstanding debt securities of any series may rescind an acceleration with respect to such series and its consequences, except an acceleration due to nonpayment of principal or interest on such series, if the rescission would not conflict with any judgment or decree and if all existing events of default with respect to such series have been cured or waived.

The holders of a majority of the outstanding principal amount of the debt securities of any series will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee with respect to such series, subject to limitations specified in the indenture.

## **Defeasance**

The indenture will permit us and our guarantor subsidiaries to terminate all our respective obligations under the indenture as they relate to any particular series of debt securities, other than the obligation to pay interest, if any, on and the principal of the debt securities of such series and certain other obligations, at any time by:

depositing in trust with the trustee, under an irrevocable trust agreement, money or U.S. government obligations in an amount sufficient to pay principal of and interest, if any, on the debt securities of such series to their maturity; and

complying with other conditions, including delivery to the trustee of an opinion of counsel or a ruling received from the Internal Revenue Service to the effect that holders will not recognize income, gain or loss for federal income tax purposes as a result of our exercise of such right and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case otherwise.

In addition, the indenture will permit us and our guarantor subsidiaries to terminate all of our respective obligations under the indenture as they relate to any particular series of debt securities, including the obligations to

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pay interest, if any, on and the principal of the debt securities of such series and certain other obligations, at any time by:

depositing in trust with the trustee, under an irrevocable trust agreement, money or U.S. government obligations in an amount sufficient to pay principal of and interest, if any, on the debt securities of such series to their maturity; and

complying with other conditions, including delivery to the trustee of an opinion of counsel or a ruling received from the Internal Revenue Service to the effect that holders will not recognize income, gain or loss for federal income tax purposes as a result of our exercise of such right and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case otherwise, which opinion of counsel is based upon a change in the applicable federal tax law since the date such series of debt securities are originally issued.

## **Transfer and Exchange**

A holder will be able to transfer or exchange debt securities only in accordance with the indenture. The registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and to pay any taxes and fees required by law or permitted by the indenture.

## **Amendment, Supplement and Waiver**

Without the consent of any holder, we and the trustee may amend or supplement the indenture, the debt securities or the guarantees of debt securities to:

cure any ambiguity, defect or inconsistency;

create a series and establish its terms;

provide for uncertificated debt securities in addition to or in place of certificated debt securities;

make any change that does not adversely affect the legal rights of any holder; or

delete a guarantor subsidiary which, in accordance with the terms of the indenture, ceases to be liable on its guarantee of debt securities.

With the exceptions discussed below, we and the trustee may amend or supplement the indenture, the debt securities or the guarantees of a particular series with the consent of the holders of at least a majority in principal amount of the debt securities of such series then outstanding. In addition, the holders of a majority in principal amount of the debt securities of such series then outstanding may waive any existing default under, or compliance with, any provision of the indenture relating to a particular series of debt securities, other than any event of default in payment of interest or principal. These consents and waivers may be obtained in connection with a tender offer or exchange offer for debt securities.

Without the consent of each holder affected, we and the trustee may not:

reduce the amount of debt securities of such series whose holders must consent to an amendment, supplement or waiver;

reduce the rate of or change the time for payment of interest;

reduce the principal of or change the fixed maturity of any debt security or alter the provisions with respect to redemptions or mandatory offers to repurchase debt securities;

make any debt security payable at a place or in money other than that stated in the debt security;

modify the ranking or priority of the debt securities or any guarantee;

release any guarantor from any of its obligations under its guarantee or the indenture except in accordance with the indenture; or

waive a continuing default in the payment of principal of or interest on the debt securities.

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The right of any holder to participate in any consent required or sought pursuant to any provision of the indenture, and our obligation to obtain any such consent otherwise required from such holder, may be subject to the requirement that such holder shall have been the holder of record of debt securities with respect to which such consent is required or sought as of a date identified by the trustee in a notice furnished to holders in accordance with the indenture.

### **Concerning the Trustee**

In the ordinary course of its business, American Stock Transfer and Trust Company, the trustee, provides, and may continue to provide, service to us as transfer agent for our common stock and trustee under indentures relating to our senior notes and senior subordinated notes. The indenture contains, or will contain, limitations on the rights of the trustee, should it become our creditor, to obtain payment of claims in specified cases or to realize on property received in respect of any such claim as security or otherwise. The indenture permits, or will permit, the trustee to engage in other transactions; however, if it acquires any conflicting interest, it must eliminate such conflict or resign.

The indenture provides, or will provide, that in case an event of default occurs and is not cured, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in similar circumstances in the conduct of such person's own affairs. The trustee may refuse to perform any duty or exercise any right or power under the indenture, unless it receives indemnity satisfactory to it against any loss, liability or expense.

### **Governing Law**

The laws of the State of New York govern, or will govern, the indenture, the debt securities and the guarantees of the debt securities.

## **DESCRIPTION OF COMMON STOCK, PREFERRED STOCK AND DEPOSITARY SHARES**

Our authorized capital stock is 1,000,000,000 shares of common stock, \$.01 par value, and 30,000,000 shares of preferred stock, \$.10 par value. At June 7, 2006, 312,857,403 shares of common stock and no shares of preferred stock were outstanding.

### **Common Stock**

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The vote of the holders of a majority of the stock represented at a meeting at which a quorum is present is generally required to take stockholder action, unless a greater vote is required by law. The holders are not entitled to cumulative voting in the election of directors. Directors are elected by plurality vote. Accordingly, the holder or holders of a majority of the outstanding shares of common stock will be able to elect our entire board of directors.

Holders of common stock have no preemptive rights. They are entitled to such dividends as may be declared by our board of directors out of funds legally available for such purpose. The common stock is not entitled to any sinking fund, redemption or conversion provisions. On our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in our net assets remaining after the payment of all creditors and liquidation preferences of preferred stock, if any. The outstanding shares of common stock are duly authorized, validly issued, fully paid and nonassessable. There will be a prospectus supplement relating to any offering of common stock offered by this prospectus.

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The transfer agent and registrar for the common stock is American Stock Transfer & Trust Company, New York, New York, which currently serves as trustee for our series of senior notes and senior subordinated notes described in Description of Debt Securities *Concerning the Trustee* and may also serve as trustee under other indentures for debt securities offered by this prospectus.

The following provisions in our charter or bylaws may make a takeover of our company more difficult:

- an article in our charter prohibiting stockholder action by written consent;

- an article in our charter requiring the affirmative vote of the holders of two-thirds of the outstanding shares of common stock to remove a director;

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a bylaw limiting the persons who may call special meetings of stockholders to our board of directors or a committee authorized to call a meeting by the board or the bylaws; and

bylaws providing time limitations for nominations for election to the board of directors or for proposing matters which can be acted upon at stockholders' meetings.

These provisions may delay stockholder actions with respect to business combinations and the election of new members to our board of directors. As such, the provisions could discourage open market purchases of our common stock because a stockholder who desires to participate in a business combination or elect a new director may consider them disadvantageous. Additionally, the issuance of preferred stock could delay or prevent a change of control or other corporate action.

As a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prevents an interested stockholder from engaging in a business combination with us for three years following the date that person became an interested stockholder, unless:

before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;

upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding stock held by persons who are both directors and officers of our corporation or by certain employee stock plans; or

on or following the date on which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least 66<sup>2</sup>/<sub>3</sub>% of our outstanding voting stock excluding shares held by the interested stockholder.

An interested stockholder is generally a person owning 15% or more of our outstanding voting stock. A business combination includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder.

**Preferred Stock**

We may issue preferred stock in series with any rights and preferences which may be authorized by our board of directors. We will distribute a prospectus supplement with regard to each particular series of preferred stock. Each prospectus supplement will describe, as to the series of preferred stock to which it relates:

the title of the series of preferred stock;

any limit upon the number of shares of the series of preferred stock which may be issued;

the preference, if any, to which holders of the series of preferred stock will be entitled upon our liquidation;

the date or dates on which we will be required or permitted to redeem the preferred stock;

the terms, if any, on which we or holders of the preferred stock will have the option to cause the preferred stock to be redeemed or purchased;

the voting rights, if any, of the holders of the preferred stock;

the dividends, if any, which will be payable with regard to the series of preferred stock, which may be fixed dividends or participating dividends and may be cumulative or non-cumulative;

the right, if any, of holders of the preferred stock to convert it into another class of our stock or securities, including provisions intended to prevent dilution of those conversion rights;

any provisions by which we will be required or permitted to make payments to a sinking fund to be used to redeem preferred stock or a purchase fund to be used to purchase preferred stock; and

any other material terms of the preferred stock.

Holders of shares of preferred stock will not have preemptive rights.



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### **Depository Shares**

*General.* We may, at our option, elect to offer fractional shares of preferred stock, rather than full shares of preferred stock. If we exercise this option, we will issue to the public receipts for depository shares, and each of these depository shares will represent a fraction (to be set forth in the applicable prospectus supplement) of a share of a particular series of preferred stock.

The shares of any series of preferred stock underlying the depository shares will be deposited under a deposit agreement between us and a bank or trust company selected by us. The depository will have its principal office in the United States and a combined capital and surplus of at least \$50,000,000. Subject to the terms of the deposit agreement, each owner of a depository share will be entitled, in proportion, to the applicable fraction of a share of preferred stock underlying that depository share, to all the rights and preferences of the preferred stock underlying that depository share. Those rights include dividend, voting, redemption and liquidation rights.

The depository shares will be evidenced by depository receipts issued pursuant to the deposit agreement. Depository receipts will be distributed to those persons purchasing the fractional shares of preferred stock underlying the depository shares, in accordance with the terms of the offering. Copies of the forms of deposit agreement and depository receipt will be filed as exhibits to the registration statement. The following summary of the deposit agreement, the depository shares and the depository receipts is not complete. You should refer to the forms of the deposit agreement and depository receipts that will be filed with the SEC in connection with the offering of the specific depository shares.

Pending the preparation of definitive engraved depository receipts, the depository may, upon our written order, issue temporary depository receipts substantially identical to the definitive depository receipts but not in definitive form. These temporary depository receipts entitle their holders to all the rights of definitive depository receipts which are to be prepared without unreasonable delay. Temporary depository receipts will then be exchangeable for definitive depository receipts at our expense.

*Dividends and Other Distributions.* The depository will distribute all cash dividends or other cash distributions received with respect to the preferred stock to the record holders of depository shares relating to the preferred stock in proportion to the number of depository shares owned by those holders.

If there is a distribution other than in cash, the depository will distribute property received by it to the record holders of depository shares that are entitled to receive the distribution, unless the depository determines that it is not feasible to make the distribution. If this occurs, the depository may, with our approval, sell the property and distribute the net proceeds from the sale to the applicable holders.

*Redemption of Depository Shares.* If a series of preferred stock represented by depository shares is subject to redemption, the depository shares will be redeemed from the proceeds received by the depository resulting from the redemption, in whole or in part, of that series of preferred stock held by the depository. The redemption price per depository share will be equal to the applicable redemption fraction of the redemption price per share payable with respect to that series of the preferred stock. Whenever we redeem shares of preferred stock that are held by the depository, the depository will redeem, as of the same redemption date, the number of depository shares representing the shares of preferred stock so redeemed. If fewer than all the depository shares are to be redeemed, the depository shares to be redeemed will be selected by lot or pro rata as may be determined by the depository.

*Voting the Preferred Stock.* Upon receipt of notice of any meeting at which the holders of the preferred stock are entitled to vote, the depository will mail the information contained in such notice to the record holders of the depository shares underlying the preferred stock. Each record holder of the depository shares on the record date, which

will be the same date as the record date for the preferred stock, will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of the preferred stock represented by the holder's depositary shares. The depositary will then try, as far as practicable, to vote the number of shares of preferred stock underlying those depositary shares in accordance with such instructions. We will agree to take all actions which may be deemed necessary by the depositary to enable the depositary to do so. The depositary will not vote the shares of preferred stock to the extent it does not receive specific instructions from the holders of depositary shares underlying the preferred stock.

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*Amendment and Termination of the Depositary Agreement.* The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may at any time be amended by agreement between us and the depositary. However, any amendment which materially and adversely alters the rights of the holders of depositary shares will not be effective unless the amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. The deposit agreement may be terminated by us or by the depositary only if (a) all outstanding depositary shares have been redeemed or (b) there has been a final distribution of the underlying preferred stock in connection with our liquidation, dissolution or winding up and the preferred stock has been distributed to the holders of depositary receipts.

*Charges of Depositary.* We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and those other charges, including a fee for the withdrawal of shares of preferred stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts.

*Miscellaneous.* The depositary will forward to holders of depositary receipts all reports and communications from us that we deliver to the depositary and that we are required to furnish to the holders of the preferred stock.

Neither we nor the depositary will be liable if either of us is prevented or delayed by law or any circumstance beyond our control in performing our respective obligations under the deposit agreement. Our obligations and those of the depositary will be limited to performance in good faith of our respective duties under the deposit agreement. Neither we nor the depositary will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless satisfactory indemnity is furnished. We and the depositary may rely upon written advice of counsel or accountants, or upon information provided by persons presenting preferred stock for deposit, holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine.

*Resignation and Removal of Depositary.* The depositary may resign at any time by delivering notice to us of its election to resign. We may remove the depositary at any time. Any resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of the appointment. The successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

**DESCRIPTION OF WARRANTS**

We may issue warrants for the purchase of debt securities, preferred stock, common stock, or units of two or more of these types of securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any registered holders of warrants or beneficial owners of warrants.

We will distribute a prospectus supplement with regard to each issue of warrants. Each prospectus supplement will describe:

in the case of warrants to purchase debt securities, the designation, aggregate principal amount, currencies, denominations and terms of the series of debt securities purchasable upon exercise of the warrants and the price at which you may purchase the debt securities upon exercise;

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in the case of warrants to purchase preferred stock, the designation, number of shares, stated value and terms, such as liquidation, dividend, conversion and voting rights, of the series of preferred stock purchasable upon exercise of the warrants and the price at which you may purchase such number of shares of preferred stock of such series upon such exercise;

in the case of warrants to purchase common stock, the number of shares of common stock purchasable upon the exercise of the warrants and the price at which you may purchase such number of shares of common stock upon such exercise;

the period during which you may exercise the warrants;

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any provision adjusting the securities that may be purchased on exercise of the warrants, and the exercise price of the warrants, to prevent dilution or otherwise;

the place or places where warrants can be presented for exercise or for registration of transfer or exchange; and

any other material terms of the warrants.

Warrants for the purchase of preferred stock and common stock will be offered and exercisable for U.S. dollars only. Warrants will be issued in registered form only. The exercise price for warrants will be subject to adjustment as described in the applicable prospectus supplement.

Prior to the exercise of any warrants to purchase debt securities, preferred stock or common stock, holders of the warrants will not have any of the rights of holders of the debt securities, preferred stock or common stock purchasable upon exercise, including:

in the case of warrants for the purchase of debt securities, the right to receive payments of principal of, any premium or interest on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture; or

in the case of warrants for the purchase of preferred stock or common stock, the right to vote or to receive any payments of dividends on the preferred stock or common stock purchasable upon exercise.

**DESCRIPTION OF STOCK PURCHASE CONTRACTS  
AND STOCK PURCHASE UNITS**

We may issue stock purchase contracts, including contracts obligating holders to purchase from us, and obligating us to sell to the holders, a specified number of shares of common stock at a future date or dates. The consideration per share of common stock may be fixed at the time stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately, or as part of stock purchase units consisting of a stock purchase contract and debt securities, trust preferred securities or debt obligations of third parties, including U.S. treasury securities, securing the holders' obligations to purchase the common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and such payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations thereunder in a specified manner.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units. The description in the prospectus supplement will not necessarily be complete, and reference will be made to the stock purchase contract, and, if applicable, collateral or depositary arrangements, relating to such stock purchase contracts or stock purchase units. Material United States federal income tax considerations applicable to the stock purchase units and the stock purchase contracts will be discussed in the related prospectus supplement.

**DESCRIPTION OF UNITS**

As specified in the applicable prospectus supplement, units will consist of one or more stock purchase contracts, warrants, debt securities, debt securities guarantees, trust preferred securities, guarantees of trust preferred securities, preferred stock, common stock, or any combination thereof. You should refer to the applicable prospectus supplement for:

all terms of the units and of the stock purchase contracts, warrants, debt securities, debt securities guarantees, trust preferred securities, guarantees of trust preferred securities, shares of preferred stock or shares of common stock or any combination thereof comprising the units, including whether and under what circumstances the securities comprising the units may or may not be traded separately;

a description of the terms of any unit agreement governing the units; and

a description of the provisions for the payment, settlement, transfer or exchange of the units.

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**DESCRIPTION OF TRUST PREFERRED SECURITIES**

**Description of Trust Securities**

Each trust may issue only one series of trust preferred securities having terms described in its related prospectus supplement. Each trust agreement will be qualified as an indenture under the Trust Indenture Act and will contain the terms of the trust preferred securities. The property trustee will act as indenture trustee for purposes of the Trust Indenture Act.

We will set forth the terms of the trust preferred securities, including distributions, redemption, voting, liquidation rights and such other preferred, deferred or other special rights or restrictions, in the trust agreement. In addition, the Trust Indenture Act automatically makes some terms a part of the trust agreement. The terms of the trust preferred securities will correspond to the terms of the subordinated trust debt securities held by the trust and described in the related prospectus supplement.

The prospectus supplement relating to the trust preferred securities of a trust will include the specific terms of the series of trust preferred securities being issued, including:

the distinctive designation of the trust preferred securities;

the number of trust preferred securities issuable by the trust;

the annual distribution rate, or method of determining such rate, for trust preferred securities and the date or dates upon which such distributions will be payable and the record date or dates for the payment of such distributions;

whether distributions on trust preferred securities will be cumulative, and, in the case of trust preferred securities having such cumulative distribution rights, the date or dates or method of determining the date or dates from which distributions on trust preferred securities will be cumulative;

the amount or amounts which will be paid out of the assets of the trust to the holders of trust preferred securities upon voluntary or involuntary dissolution, winding-up or termination of the trust;

the obligation or right, if any, of the trust to purchase or redeem trust preferred securities and the price or prices at which, the period or periods within which, and the terms and conditions upon which trust preferred securities will be purchased or redeemed, in whole or in part, pursuant to such obligation or right;

the voting rights, if any, of holders of trust preferred securities in addition to those required by law, including the number of votes per trust preferred security and any requirement for approval by the holders of such trust preferred securities, or of trust preferred securities issued by other trusts, or both, as a condition to specified action or amendments to the trust agreement;

the terms for any conversion or exchange into other securities;

the terms and conditions, if any, upon which the subordinated trust debt securities owned by the trust may be distributed to holders of trust preferred securities;

if applicable, any securities exchange upon which the trust preferred securities will be listed; and

any other relevant rights, preferences, privileges, limitations or restrictions of trust preferred securities not inconsistent with the trust agreement or with applicable law.

We will guarantee distributions on trust preferred securities to the extent set forth below under Description of Trust Guarantees. We will describe material United States federal income tax considerations applicable to trust preferred securities in a prospectus supplement relating to the trust preferred securities.

Each trust will issue a series of trust common securities in connection with the issuance of trust preferred securities. Except for voting rights, the terms of trust common securities will be substantially identical to the terms of trust preferred securities. Trust common securities will rank equally with trust preferred securities except that, upon an event of default under the trust agreement, the rights of holders of trust common securities to payments will



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be subordinated to the rights of holders of trust preferred securities. The trust common securities will also carry the right to vote to appoint, remove or replace any trustee of the trust. We will own all of the trust common securities.

### ***Enforcement of Certain Rights by Holders of Trust Preferred Securities***

If an event of default as defined in the applicable trust agreement occurs and is continuing, then the holders of trust preferred securities of such trust would rely on the enforcement by the property trustee of its rights as a holder of the applicable series of subordinated trust debt securities against us. In addition, so long as their directions do not conflict with any rule of law or with such trust agreement, and could not involve such property trustee in personal liability in circumstances where reasonable indemnity would not be adequate, the holders of a majority in aggregate liquidation amount of trust preferred securities of such trust may direct the property trustee as to:

the time, method and place of conducting any proceeding for any remedy available to such property trustee;

the exercise of any trust or power conferred upon such property trustee under such trust agreement; and

the exercise of the remedies available to the property trustee as a holder of subordinated trust debt securities.

If such property trustee fails to enforce its rights under the subordinated trust debt securities held by such trust, a holder of trust preferred securities of such trust may, to the extent permitted by law, institute a legal proceeding directly against us to enforce such property trustee's rights under such trust agreement. In such case, the holder would not be required to institute a legal proceeding against the property trustee, the trust or any other person. In no event will such holder be permitted or authorized to affect, disturb or prejudice the rights of any other holder or to obtain or to seek to obtain priority or preference over any other holder or to enforce any right under such trust agreement, except in the manner described in the trust agreement and for the equal and ratable benefit of all such holders. Notwithstanding the foregoing, a holder of trust preferred securities of such trust may institute a proceeding directly against us for enforcement of payment to such holder of the principal of or interest on the subordinated trust debt securities held by such trust having a principal amount equal to the aggregate stated liquidation amount of such trust preferred securities held by such holder, on or after the due dates specified or provided for in such subordinated trust debt securities. In such case, the holder would not be required to institute a legal proceeding against the property trustee, the trust or any other person. In connection with such proceeding, we will be subrogated to the rights of such holder under the trust agreement to the extent of any payment made by us to such holder.

### **Description of Trust Guarantees**

The following is a summary of information concerning the guarantees of the trust preferred securities of each trust, which we refer to as the trust guarantees. We will execute each trust guarantee for the benefit of holders of trust preferred securities. We will qualify each trust guarantee as an indenture under the Trust Indenture Act. We will identify the trust guarantee trustee for purposes of the Trust Indenture Act in a prospectus supplement with respect to the trust preferred securities.

The following summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the form of trust guarantee, which has been or will be filed as an exhibit to the registration statement of which this prospectus forms a part. The trust guarantee will be held by the trust guarantee trustee for the benefit of holders of trust preferred securities.

### ***General***

To the extent set forth in the trust guarantee, we will agree to pay in full the guarantee payments, described below, without duplication of amounts theretofore paid by or on behalf of the trust, as and when due regardless of any defense, right of set off or counter-claim which we may have. With respect to trust preferred securities issued by a trust, we will pay in full the following payments or distributions as guarantee payments to the extent the trust fails to pay or make such guarantee payments:

any accrued and unpaid distributions on trust preferred securities, to the extent such trust has funds legally and immediately available therefor;

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the redemption price, to the extent such trust has funds legally and immediately available therefor with respect to trust preferred securities called for redemption; and

upon voluntary or involuntary dissolution, winding up or termination of such trust, other than in connection with the distribution of subordinated trust debt securities to holders of trust preferred securities or the redemption of all trust preferred securities, the lesser of:

the aggregate of the liquidation amount and all accrued and unpaid distributions on such trust preferred securities to the date of payment, to the extent such trust has funds legally and immediately available therefor, and

the amount of assets of the trust remaining available for distribution to holders of trust preferred securities in liquidation of the trust.

We will determine the redemption price and liquidation amount at the time the trust preferred securities are issued. We may satisfy our obligation to make a guarantee payment by direct payment of the required amounts to the holders of such trust preferred securities or by causing the trust to pay such amounts to such holders.

Each trust guarantee will not apply to any payment or distribution except to the extent the applicable trust has funds legally available for such payment or distribution. If we do not make interest payments on the subordinated trust debt securities purchased by a trust, such trust will not pay distributions on such trust preferred securities issued by such trust and will not have funds legally available. The trust guarantee, when taken together with our obligations under the subordinated trust debt securities, the applicable indenture and the trust agreement, including our obligation to pay costs, expenses, debt, and liabilities of such trust, other than with respect to the trust securities, will be a full and unconditional guarantee, on a subordinated basis, by us of payments due on the trust preferred securities from the time of issuance.

***Amendment of Trust Guarantee; Assignment***

Except for changes which do not materially adversely affect the rights of holders of trust preferred securities, each trust guarantee may be amended only with the approval of a majority in liquidation amount of trust preferred securities issued by the applicable trust. The manner of obtaining any such approval will be as set forth in the applicable trust agreement. The trust guarantee will bind the successors, assigns, receivers, trustees and representatives of us and continue to benefit the trust guarantee trustee and holders of trust preferred securities. Except in connection with a consolidation, merger, conveyance, transfer or lease involving us, permitted under the applicable indenture, we may not assign our rights or delegate our obligations under the trust guarantee.

***Termination of the Trust Guarantee***

Each trust guarantee will terminate as to the trust preferred securities issued by the applicable trust:

upon full payment of the redemption price of all trust preferred securities of such trust;

upon distribution of subordinated trust debt securities held by such trust to the holders of and in exchange for trust preferred securities; or

upon full payment of amounts payable in accordance with the trust agreement upon liquidation of such trust.

The trust guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of trust preferred securities must repay any sums paid to them under the trust preferred securities or trust guarantee.

*Events of Default*

An event of default under a trust guarantee will occur if we fail to make the payments required by the trust guarantee.

The holders of a majority in liquidation amount of trust preferred securities relating to such trust guarantee have the right to direct the time, method and place of conducting any proceeding for any remedy available to such trust guarantee trustee or to direct the exercise of any trust or power conferred upon such trust guarantee trustee

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under the trust guarantee. If the trust guarantee trustee fails to enforce such trust guarantee, any holder of record of trust preferred securities relating to such trust preferred guarantee may institute a legal proceeding directly against us to enforce the trust guarantee trustee's rights, without first instituting any other legal proceeding.

### ***Status of Trust Guarantee***

The trust guarantee will constitute our unsecured obligation and will rank:

subordinate and junior in right of payment to all of our other liabilities, including the subordinated trust debt securities, except those made equal or subordinate by their terms;

equal with the most senior preferred stock which may now or hereafter be issued or guaranteed by us; and

senior to our common stock.

The terms of the trust preferred securities will provide that each holder of trust preferred securities issued by such trust, by acceptance thereof, agrees to the subordination provisions and other terms of the related trust guarantee. Each trust guarantee will constitute a guarantee of payment and not of collection. This means that the guaranteed party may institute a legal proceeding directly against the guarantor to enforce its rights under such trust guarantee without instituting a legal proceeding against any other person or entity. Each trust guarantee will be deposited with the applicable trust guarantee trustee to be held for the benefit of the holders of such trust preferred securities. Except as otherwise noted herein, the trust guarantee trustee has the right to enforce the trust guarantee on behalf of the holders of the related trust preferred securities. Except as described under *Termination of the Trust Guarantee* above, the trust guarantee will not be discharged except by payment of the guarantee payments in full without duplication of amounts theretofore paid by the trust.

### ***Information Concerning Trust Guarantee Trustee***

The trust guarantee trustee, prior to the occurrence of a default with respect to the trust guarantee and after the curing of all such defaults that may have occurred, will undertake to perform only such duties as are specifically set forth in the trust guarantee and, during the continuance of any default, will exercise the same degree of care as a prudent individual would exercise in the conduct of such individual's own affairs. Subject to such provisions, the trust guarantee trustee will be under no obligation to exercise any of the powers vested in it by the trust guarantee at the request of any holder of trust preferred securities, unless offered reasonable indemnity against the costs, expenses and liabilities which might be incurred thereby. However, in any event, the trust guarantee trustee must exercise the rights and powers vested in it by such trust guarantee upon the occurrence of an event of default under such trust guarantee. The trust guarantee trustee also serves as property trustee.

### ***Governing Law***

The trust guarantee will be governed by the laws of the State of New York.

### ***Agreement as to Expenses and Liabilities***

As will be required by the trust agreement, we will enter into an agreement in which we irrevocably and unconditionally guarantee to each person or entity to whom the trust becomes indebted or liable the full payment of any indebtedness, expenses or liabilities of the trust. This separate agreement as to expenses and liabilities does not include obligations of the trust to pay to the holders of the related trust securities or other similar interests in the trust the amounts due such holders pursuant to the terms of such trust securities or such other similar interests, as the case

may be.

**Additional Description of Subordinated Trust Debt Securities Issued to the Trusts**

Set forth below is a description of the terms of the subordinated trust debt securities which each trust will hold as trust assets. The subordinated trust debt securities may be issued from time to time in one or more series under an indenture between us and an indenture trustee, qualified to act as such under the Trust Indenture Act and appointed in a supplemental indenture with respect to a particular series. We will identify the indenture trustee for purposes of

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the Trust Indenture Act in a prospectus supplement with respect to the trust preferred securities. We will qualify each subordinated trust debt securities indenture as an indenture under the Trust Indenture Act. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable indenture and supplements creating and governing the subordinated trust debt securities, which have been or will be filed as exhibits to the registration statement of which this prospectus forms a part. The terms of the subordinated trust debt securities will include those stated in the indenture and the related supplemental indenture and those made a part of the indenture by reference to the Trust Indenture Act.

Upon a dissolution of a trust, the property trustee, following satisfaction of liabilities to creditors of the trust in accordance with the provisions of applicable law, may distribute the subordinated trust debt securities held by such trust to the holders of trust securities in liquidation of such trust.

If the property trustee distributes any subordinated trust debt securities to holders of trust preferred securities, we will use our best efforts to have such subordinated trust debt securities traded on the same stock exchange, if any, as the related trust preferred securities are traded.

### ***General***

Subordinated trust debt securities will be issued in a principal amount equal to the aggregate stated liquidation amount of trust preferred securities, plus our investment in trust common securities.

The entire principal amount of the subordinated trust debt securities held by each trust will mature and become due and payable, together with any accrued and unpaid interest thereon, including additional interest, if any, on the date set forth in the applicable prospectus supplement.

If subordinated trust debt securities held by a trust are distributed to holders of trust preferred securities of such trust in liquidation of such holders' interests in such trust, such subordinated trust debt securities will initially be issued as a global security. Under certain limited circumstances, subordinated trust debt securities may be issued in certificated form in exchange for a global security. In the event subordinated trust debt securities are issued in certificated form, such subordinated trust debt securities will be in denominations as specified in the applicable prospectus supplement and integral multiples thereof and may be transferred or exchanged at the offices described therein. We will make payments on subordinated trust debt securities issued as a global security to the depository for the subordinated trust debt securities. In the event subordinated trust debt securities are issued in certificated form, principal and interest will be payable, the transfer of the subordinated trust debt securities will be registrable and subordinated trust debt securities will be exchangeable for subordinated trust debt securities of other denominations of a like aggregate principal amount at the corporate trust office of the indenture trustee in New York, New York. In such an event, however, at our option, we may pay interest by check mailed to the address of the persons entitled thereto.

### ***Certain Covenants***

We will covenant, as long as trust preferred securities of a trust remain outstanding:

to maintain 100% ownership of trust common securities of such trust;

not to cause such trust to terminate, except in connection with a distribution of subordinated trust debt securities; and

to use our reasonable efforts to cause such trust:

to remain a statutory business trust, except in connection with the distribution of subordinated trust debt securities held by such trust to the holders of trust securities in liquidation of such trust, the redemption of all trust securities, or certain mergers, consolidations or amalgamations, each as permitted by the trust agreement, and

to otherwise continue to be classified as a grantor trust for United States federal income tax purposes.



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***Optional Redemption***

We will have the right to redeem the subordinated trust debt securities, in whole or in part, from time to time, without premium or penalty, on or after the date set forth in the applicable prospectus supplement, upon not less than 30 or more than 60 days' notice, at a redemption price equal to a premium on the principal amount to be redeemed plus any accrued and unpaid interest, including additional interest, if any, to the redemption date, as specified in the applicable prospectus supplement. If a partial redemption of the trust preferred securities resulting from a partial redemption of the subordinated trust debt securities held by a trust would result in the delisting of the trust preferred securities of such trust, we may only redeem such subordinated trust debt securities held by such trust in whole. In addition, if a change in tax or securities laws occurs that adversely affects specified tax or securities characteristics of the trust, upon not less than 30 or more than 60 days' notice, within 90 days after the occurrence of such event and subject to the terms and conditions of the subordinated indenture, we may redeem such subordinated trust debt securities, in whole, at a price equal to 100% of the principal amount to be redeemed plus any accrued but unpaid interest, including additional interest, if any, to the redemption date. In the event of redemption of such subordinated trust debt securities in part only, we will issue new subordinated trust debt securities for the unredeemed portion in the name or names of the holders who surrender their unredeemed subordinated trust debt securities.

***Interest***

Each subordinated trust debt security will bear interest at the rate set forth in the applicable prospectus supplement from the original date of issuance, payable quarterly in arrears on the interest payment dates which will be specified in the prospectus supplement, to the person in whose name such subordinated trust debt security is registered, subject to specified exceptions, on the record date specified in the applicable prospectus supplement.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on the subordinated trust debt securities is not a business day, then we will pay the interest payable on such date on the next succeeding day which is a business day, and without any interest or other payment in respect of any such delay, except that, if such business day is in the next succeeding calendar year, such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if made on such date.

***Option To Extend Interest Payment Period***

Except to the extent set forth in the applicable prospectus supplement, we will have the right at any time to defer payments of interest on subordinated trust debt securities by extending the interest payment period for up to 20 consecutive quarters. At the end of such an extension period, we will pay all interest then accrued and unpaid, including any additional interest, together with interest thereon at the rate specified and to the extent permitted by applicable law. We will covenant in the applicable indenture for the benefit of the holders of a series of subordinated trust debt securities, that, subject to the next succeeding sentence:

we will not declare or pay any dividend on, or make any distributions with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock; and

we will not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities (including guarantees other than the trust guarantee) issued by us which rank junior to the applicable series of subordinated trust debt securities:

if at such time we will have given notice of our election to extend an interest payment period for a series of subordinated trust debt securities and such extension shall be continuing, or

if at such time an event of default with respect to a series of subordinated trust debt securities will have occurred and be continuing.

The preceding sentence, however, shall not restrict:

any of the actions described in the preceding sentence resulting from any reclassification of our capital stock or the exchange or conversion of one class or series of our capital stock for another class or series of our capital stock;

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repurchases, redemptions or other acquisitions of shares of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers or directors or a stock purchase and dividend reinvestment plan;

dividends or distributions in our capital stock; or

the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged.

Prior to the termination of any such extension period for a series of subordinated trust debt securities, we may further defer payments of interest on such subordinated trust debt securities, by extending the interest payment period, provided that such extension period together with all such previous and further extensions thereof for such series of subordinated trust debt securities may not exceed 20 consecutive quarters or extend beyond the maturity of such series of subordinated trust debt securities.

Upon the termination of any extension period for a series of subordinated trust debt securities, and the payment of all accrued and unpaid interest on the subordinated trust debt securities then due, we may select a new extension period for such series of subordinated trust debt securities, as if no extension period had previously been declared, subject to the above requirements. We will not be required to pay interest on a series of subordinated trust debt securities during an extension period until the end thereof.

If the property trustee is the sole holder of the subordinated trust debt securities, we will give the administrative trustees and the property trustee notice of our selection of such extension period for such series of subordinated trust debt securities one business day prior to the earlier of (1) the next succeeding date on which distributions on the related trust preferred securities are payable or (2) the date a trust is required to give notice to the New York Stock Exchange or other applicable self-regulatory organization or to holders of such trust preferred securities on the record date or the date such distribution is payable, but in any event not less than one business day prior to such record date. The administrative trustees shall give notice of our selection of such extension period to the holders of such trust preferred securities. If the property trustee is not the sole holder of a series of subordinated trust debt securities, we will give the holders of such subordinated trust debt securities notice of our selection of such extension period ten business days prior to the earlier of (1) the interest payment date or (2) the date we are required to give notice to the New York Stock Exchange or other applicable self-regulatory organization or to holders of such subordinated trust debt securities, but in any event at least two business days before such record date.

We have no present intention to defer interest payments.

***Additional Interest***

If a trust is required to pay any taxes, duties, assessments or other governmental charges, other than withholding taxes, imposed by the United States, or any other taxing authority, we will pay as additional interest such additional amounts as shall be required so that the net amounts received and retained by a trust after paying any such charges will be equal to the amount such trust would have received had no such charge been imposed.

***Events of Default Under Applicable Indenture***

We will define an event of default with respect to any series of subordinated trust debt securities in the indenture or applicable supplemental indenture. An event of default may include:

our default in payment of the principal of or premium, if any, on any of the subordinated trust debt securities of such series;

default for 30 days in payment of any installment of interest, including additional interest, on any subordinated trust debt security of such series beyond a valid extension;

default by us for 60 days after notice in the observance or performance of any other covenants in the indenture or applicable supplemental indenture relating to such series; and

voluntary or involuntary dissolution, winding up, termination, bankruptcy, insolvency or reorganization of a trust, except in connection with:

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the distribution of subordinated trust debt securities to holders of trust securities in liquidation of a trust, the redemption of all outstanding trust securities of such trust, or mergers or consolidations permitted by the trust agreement.

The holders of not less than a majority in aggregate principal amount of subordinated trust debt securities may waive any past default, except (1) a default in payment of principal, premium, interest or additional interest, unless such default has been cured and a sum sufficient to pay all installments due otherwise than by acceleration has been deposited with the subordinated debt security trustee, or (2) a default in a covenant or provision which under the applicable indenture may not be modified or amended without the consent of each holder of a subordinated trust debt security. The holders of trust preferred securities in certain circumstances have the right to direct the property trustee to exercise its rights as holder of subordinated debt securities.

***Payment and Paying Agents***

Payment of principal and premium, if any, on subordinated trust debt securities will be made only if the holder of subordinated trust debt securities surrenders them to the paying agent of the subordinated trust debt securities.

Principal of and any premium and interest, if any, on subordinated trust debt securities will be payable, subject to any applicable laws and regulations, at the office of such paying agent or paying agents as we may designate from time to time pursuant to the subordinated trust debt security indenture. Payment of interest on the subordinated trust debt securities on any interest payment date will be made to the person in whose name the subordinated trust debt security is registered at the close of business on the regular record date for such interest payment.

The indenture trustee will act as paying agent with respect to the subordinated trust debt securities. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, except that we will be required to maintain a paying agent at the place of payment.

***Consolidation, Merger and Sale***

The applicable indenture will provide that we will be permitted to consolidate with, or sell or convey all or substantially all of our assets to, or merge with or into, any other entity provided that:

either we shall be the continuing entity, or the successor entity formed by or resulting from any such consolidation or merger or which shall have received the transfer of such assets shall expressly assume our obligations under the trust guarantee and the payment of the principal of, and premium, if any, and interest on all of the subordinated trust debt securities and the due and punctual performance and observance of all of the covenants and conditions contained in the applicable indenture;

immediately after giving effect to such transaction and treating any indebtedness that becomes an obligation of ours or any subsidiary as a result thereof as having been incurred by us or such subsidiary at the time of such transaction, no event of default under the applicable indenture or the trust guarantee, and no event which, after notice or the lapse of time, or both, would become such an event of default, shall have occurred and be continuing; and

an officer's certificate and legal opinion covering such conditions shall be delivered to the indenture trustee.

The indenture will not otherwise contain any covenant which restricts our ability to merge or consolidate with or into any other person, sell or convey all or substantially all of our assets to any person or otherwise engage in restructuring transactions.

***Information Concerning Indenture Trustee for the Subordinated Trust Debt Securities***

The indenture trustee for the subordinated trust debt securities, prior to default and after the curing of all defaults, if any, will undertake to perform only such duties as will be specifically set forth in the applicable indenture and, after a default that has not been cured or waived, will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provision, the indenture trustee

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will be under no obligation to exercise any of the powers vested in it by the indenture at the request of any holder of subordinated trust debt securities, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. However, the foregoing will not relieve the indenture trustee, upon the occurrence of an indenture event of default, from exercising the rights and powers vested in it by the indenture. The indenture trustee will not be required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the indenture trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it.

## **Miscellaneous**

We will have the right at all times to assign any of our rights or obligations under the indenture to a direct or indirect wholly-owned subsidiary of ours. However, in the event of any such assignment, we will remain liable for all of such obligations under the indenture. Subject to the foregoing, the indenture will be binding upon and inure to the benefit of the parties thereto and their respective successors and assigns. The indenture will provide that it may not otherwise be assigned by the parties thereto.

## **Effect of Obligations under Subordinated Trust Debt Securities and Trust Guarantee**

As long as payments are made when due on subordinated trust debt securities, the trust will have sufficient funds to be able to make all appropriate payments on trust securities. This is primarily because:

the aggregate principal amount of the subordinated debt securities will be equal to the sum of the aggregate stated liquidation amount of such trust securities;

the interest rate and interest and other payment dates on the subordinated trust debt securities will match the distribution rate and distribution and other payment dates for the trust securities;

we will pay for all costs and expenses of each trust; and

the trust agreement will provide that the trustees may not cause or permit the trust to, among other things, engage in any activity that is not consistent with the purposes of the trust.

We will guarantee payments of distributions and other payments due on the trust preferred securities, to the extent funds are available therefor and to the extent set forth under Description of Trust Guarantees. If we do not make interest payments on subordinated trust debt securities, it is expected that the trust will not have sufficient funds to pay distributions on its trust preferred securities. The trust guarantee is a full and unconditional guarantee, but does not apply to any payment unless the trust has sufficient funds for such payment.

If we fail to make payments on subordinated trust debt securities when due, taking into account any extension period, the trust agreement will provide a mechanism whereby holders of trust preferred securities may direct the property trustee to enforce its rights, including proceeding directly against us. If the property trustee fails to enforce its rights, a holder of trust preferred securities may sue us directly to enforce those rights, without first instituting legal proceedings against the trust, the property trustee or any other person or entity.

If we fail to make payments under the trust guarantee, the trust guarantee provides a mechanism whereby the holders of trust preferred securities may direct the trust guarantee trustee to enforce its rights. If the trust guarantee trustee fails to enforce its rights, any holder of trust preferred securities may institute a legal proceeding against us directly to enforce those rights without first instituting legal proceedings against the trust, the trust guarantee trustee or any other person or entity.

Pursuant to an agreement as to expenses and liabilities to be entered into by us under the trust agreement, we will irrevocably and unconditionally guarantee to each person or entity to whom the trust becomes indebted or liable the full payment of any indebtedness, expenses or liabilities of the trust other than obligations of the trust to pay to the holders of the related trust securities or other similar interests in the trust the amounts due such holders pursuant to the terms of such trust securities or such other similar interests, as the case may be.

The above mechanisms and obligations, taken together, are equivalent to a full and unconditional guarantee by us of payments due on trust preferred securities to the extent of funds available to the trust.



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**PLAN OF DISTRIBUTION**

Any of the securities being offered by this prospectus may be sold:

through agents;

to or through underwriters;

through dealers;

directly by us to purchasers; or

through a combination of any such methods of sale.

The securities may be sold at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The distribution of securities may be effected from time to time in one or more transactions by means of one or more of the following transactions, which may include cross or block trades:

transactions on the New York Stock Exchange or any other organized market where the securities may be traded;

in the over-the-counter market;

in negotiated transactions;

through put or call option transactions relating to the securities;

under delayed delivery contracts or other contractual commitments; or

a combination of such methods of sale.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any such agent involved in the offer or sale of the securities and set forth any commissions payable by us to such agent in the prospectus supplement. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the securities.

If underwriters are used in the sale of securities, securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If an underwriter or underwriters are used in the sale of securities, we will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. Such compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the

price of such securities. We will describe any such activities in the prospectus supplement. We may elect to list any class or series of securities on any exchange, but we are not currently obligated to do so. It is possible that one or more underwriters, if any, may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities we may offer.

If a dealer is used in the sale of the securities, we or an underwriter will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. The prospectus supplement may set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to

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any resale of the securities. The prospectus supplement will describe the terms of any such sales, including the terms of any bidding, auction or other process, if utilized.

Agents, underwriters and dealers may be entitled under agreements which may be entered into with us to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of such liabilities. The prospectus supplement will describe the terms and conditions of such indemnification or contribution. Some of the agents, underwriters or dealers, or their affiliates may be customers of ours, or engage in transactions with or perform services for us and our subsidiaries in the ordinary course of business.

## **LEGAL MATTERS**

Gibson, Dunn & Crutcher LLP, Dallas, Texas, has rendered an opinion with respect to the validity of the securities being offered by this prospectus, other than with respect to trust preferred securities. We have filed the opinion as an exhibit to the registration statement of which this prospectus is a part. Morris, Nichols, Arsht & Tunnell LLP, Wilmington, Delaware, has rendered an opinion with respect to the validity of the trust preferred securities being offered by this prospectus. We have filed the opinion as an exhibit to the registration statement of which this prospectus is a part. If counsel for any underwriters passes on legal matters in connection with an offering made by this prospectus, we will name that counsel in the prospectus supplement relating to that offering.

## **EXPERTS**

The consolidated financial statements of D.R. Horton, Inc. appearing in D.R. Horton, Inc.'s Annual Report (Form 10-K) for the year ended September 30, 2005 and D.R. Horton, Inc. management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2005 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

## **WHERE YOU CAN FIND MORE INFORMATION**

D.R. Horton, Inc. files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet world wide web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov).

You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We, the trusts, and our guarantor subsidiaries have filed jointly with the SEC a registration statement on Form S-3 that registers the securities we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us, the trusts, our guarantor subsidiaries and the securities offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The

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information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this document.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this prospectus. These documents contain important information about us and our business, prospects and financial condition.

| <b>Filing</b>                  | <b>Period or Date Filed</b>       |
|--------------------------------|-----------------------------------|
| Annual Report on Form 10-K     | Year ended September 30, 2005     |
| Quarterly Reports on Form 10-Q | Quarter ended December 31, 2005   |
|                                | Quarter ended March 31, 2006      |
| Current Reports on Form 8-K    | November 1, 2005                  |
|                                | November 23, 2005                 |
|                                | December 5, 2005                  |
|                                | December 21, 2005                 |
|                                | January 10, 2006 (Item 8.01 only) |
|                                | February 1, 2006                  |
|                                | February 14, 2006                 |
|                                | March 3, 2006                     |
|                                | March 30, 2006                    |
|                                | April 11, 2006                    |
|                                | April 11, 2006                    |
|                                | April 13, 2006                    |
|                                | April 21, 2006                    |
|                                | June 12, 2006                     |

The description of our common stock contained in our registration statement on Form 8-A/A filed May 9, 2006.

*Pages 4 through 12 under the caption Election of Directors, page 21 under the caption Approve the D.R. Horton, Inc. 2006 Stock Incentive Plan Securities Authorized for Issuance Under Equity Compensation Plans, pages 24 and 25 under the caption Beneficial Ownership of Common Stock, pages 26 through 28 under the caption Executive Compensation, through the caption Compensation Committee Interlocks and Insider Participation, pages 33 through 35 under the caption Meetings and Committees of the Board, pages 35 through 36 under the caption Independent Registered Public Accountants, page 38 under the captions Section 16(a) Beneficial Ownership Reporting Compliance and Requesting Documents from the Company, contained in our Proxy Statement relating to our January 26, 2006 annual meeting of stockholders and incorporated into our Annual Report on Form 10-K.*

We also incorporate by reference any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, between the date of this prospectus and the date of the closing of each offering. These additional documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose changes in our business, prospects, financial condition or other affairs after the date of this prospectus. The information that we file later with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and before the closing of each offering will automatically update and supersede previous information included or incorporated by

reference in this prospectus.

You can obtain any of the documents incorporated by reference in this prospectus from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in this

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prospectus. You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from us at the following address:

Investor Relations  
D.R. Horton, Inc.  
301 Commerce Street, Suite 500  
Fort Worth, Texas 76102  
(817) 390-8200

We have not authorized anyone to give any information or make any representation about us that is different from, or in addition to, that contained in this prospectus or in any of the materials that we have incorporated by reference into this prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this prospectus are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then any offer presented in this prospectus does not extend to you. The information contained in this prospectus speaks only as of the date of this prospectus, unless the information specifically indicates that another date applies.

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**D.R. HORTON, INC.**

**Debt Securities,  
Preferred Stock, Depositary Shares,  
Common Stock, Warrants,  
Stock Purchase Contracts and Stock Purchase Units**

**Trust Preferred Securities of  
DRH Capital Trust I,  
DRH Capital Trust II and  
DRH Capital Trust III and  
Related Subordinated Trust Debt Securities and  
Guarantees of D.R. Horton, Inc.**

**Units of These Securities**

PROSPECTUS

June 13, 2006

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**PART II  
INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the estimated fees and expenses payable by us in connection with offering of the securities being registered, other than discounts and commissions.

|   |    |    |
|---|----|----|
| Securities and Exchange Commission registration fee | \$ | *  |
| Blue Sky fees and expenses                          |    | ** |
| Printing and engraving fees and expenses            |    | ** |
| Trustees' fees and expenses                         |    | ** |
| Rating agency fees                                  |    | ** |
| Accountants' fees and expenses                      |    | ** |
| Legal fees and expenses                             |    | ** |
| Miscellaneous                                       |    | ** |
| Total   | \$ | ** |

\* In accordance with Rules 456(b) and 457(r), the registrant is



deferring payment of all of the registration fee for the securities offered by this registration statement.

However, the registrant previously paid a registration fee of \$264,825 with respect to \$2,250,000,000 aggregate initial offering price of securities that were previously registered pursuant to the registrant's prior registration statement on Form S-3 (SEC File No. 333-127461), initially filed on August 11, 2005, and that have not been sold thereunder.

\*\* These fees are calculated based on the securities offered and the number of issuances and accordingly cannot be estimated at this time.

**Item 15. Indemnification of Directors and Officers.**

D.R. Horton, Inc.'s certificate of incorporation provides that D.R. Horton, Inc. shall, to the full extent permitted by the Delaware General Corporation Law or other applicable laws presently or hereafter in effect, indemnify each person who is or was or had agreed to become a director or officer of D.R. Horton, Inc., or each such person who is or was serving or who had agreed to serve at the written request of the board of directors or an officer of D.R. Horton, Inc. as an employee or agent of D.R. Horton, Inc. or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in any such case owned or controlled by D.R. Horton, Inc., including the heirs, executors, administrators or estate of such person, and eliminates the personal liability of its directors to the full extent permitted by the Delaware General Corporation Law or other applicable laws presently or

hereafter in effect. D.R. Horton, Inc. has entered into an indemnification agreement with each of its directors and executive officers.

Section 145 of the Delaware General Corporation Law permits a corporation to indemnify its directors and officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties, if such directors or officers acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. In a derivative action, i.e., one by or in the right of the corporation, indemnification may be made only for expenses actually and reasonably incurred by directors and officers in connection with the defense or settlement of an action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable for negligence or misconduct in the performance of his respective duties to the corporation, although the court in which the action or suit was brought may determine upon application that the defendant officers or directors are fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

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Section 102(b)(7) of the Delaware General Corporation Law provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provisions shall not eliminate or limit the liability of a director (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under section 174 of the Delaware General Corporation Law, or (4) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring before the date when such provision becomes effective.

In addition to indemnification by D.R. Horton, Inc. pursuant to its certificate of incorporation, the partners, members, managers, directors and officers of the co-registrants are generally also entitled to indemnification and exculpation for certain monetary damages to the extent provided in the co-registrants' organizational documents or under the statutes under which the co-registrants are organized.

Any underwriting agreement, which will be filed as Exhibit 1.1 by amendment hereto or pursuant to a Current Report on Form 8-K to be incorporated herein by reference, will provide that the underwriters named therein will indemnify and hold harmless D.R. Horton, Inc., the co-registrants and each director, officer who signs this registration statement or controlling person of D.R. Horton, Inc. and the co-registrants from and against specific liabilities, including liabilities under the Securities Act.

D.R. Horton, Inc. also has obtained directors and officers liability insurance that provides insurance coverage for certain liabilities which may be incurred by directors and officers of D.R. Horton, Inc. and the co-registrants in their capacity as such.

**Item 16. Exhibits and Financial Schedules.****(a) Exhibits:**

| Exhibit<br>Number | Exhibits   |
|-------------------|--|
| 1.1*              | Form of Underwriting Agreement   |
| 4.1(a)            | Senior Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(a) to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)                     |
| 4.1(b)            | Senior Subordinated Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(b) to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)        |
| 4.1(c)            | Form of Subordinated Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(c) to Amendment No. 1 to the registrant's registration statement (No. 333-27521) on Form S-3, filed with the SEC on June 2, 1997)             |
| 4.1(d)            | Form of Subordinated Trust Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(d) to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004) |
| 4.2               | Twenty-Eighth Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and American Stock Transfer & Trust Company, as Trustee.  |
| 4.3               | Sixth Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and American Stock Transfer & Trust Company, as Trustee.  |

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- 4.4 Amended and Restated Certificate of Incorporation of the registrant, as amended (incorporated by reference from Exhibit 3.1 to the registrant's quarterly report on Form 10-Q for the quarter ended December 31, 2005, filed with the SEC on February 2, 2006).
- 4.5 Amended and Restated Bylaws of the registrant (incorporated by reference from Exhibit 3.1 to the registrant's quarterly report on Form 10-Q for the quarter ended December 31, 1998, filed with the SEC on February 16, 1999)
- 4.6\* Form of Warrant Agreement (including form of warrant)
- 4.7 Certificate of Trust for DRH Capital Trust I (incorporated by reference from Exhibit 4.5 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)

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| Exhibit<br>Number | Exhibits  |
|-------------------|---|
| 4.8               | Certificate of Trust for DRH Capital Trust II (incorporated by reference from Exhibit 4.6 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)   |
| 4.9               | Certificate of Trust for DRH Capital Trust III (incorporated by reference from Exhibit 4.7 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)  |
| 4.10              | Certificate of Amendment to Certificate of Trust for DRH Capital Trust I (incorporated by reference from Exhibit 4.8 to the registrant's registration statement (No. 333-117531) on Form S-3, filed with the SEC on July 21, 2004)  |
| 4.11              | Certificate of Amendment to Certificate of Trust for DRH Capital Trust II (incorporated by reference from Exhibit 4.9 to the registrant's registration statement (No. 333-117531) on Form S-3, filed with the SEC on July 21, 2004)   |
| 4.12              | Certificate of Amendment to Certificate of Trust for DRH Capital Trust III (incorporated by reference from Exhibit 4.10 to the registrant's registration statement (No. 333-117531) on Form S-3, filed with the SEC on July 21, 2004)   |
| 4.13              | Trust Agreement for DRH Capital Trust I (incorporated by reference from Exhibit 4.8 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)   |
| 4.14              | Trust Agreement for DRH Capital Trust II (incorporated by reference from Exhibit 4.9 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)  |
| 4.15              | Trust Agreement for DRH Capital Trust III (incorporated by reference from Exhibit 4.10 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)  |
| 4.16              | Form of Amended & Restated Trust Agreement for DRH Capital Trust I (including form of trust preferred security) (incorporated by reference from Exhibit 4.14 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)   |
| 4.17              | Form of Amended & Restated Trust Agreement for DRH Capital Trust II (including form of trust preferred security) (incorporated by reference from Exhibit 4.15 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)  |
| 4.18              | Form of Amended & Restated Trust Agreement for DRH Capital Trust III (including form of trust preferred security) (incorporated by reference from Exhibit 4.16 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004) |
| 4.19              | Form of Trust Guarantee Agreement for DRH Capital Trust I (incorporated by reference from Exhibit 4.17 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)   |

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- 4.20 Form of Trust Guarantee Agreement for DRH Capital Trust II (incorporated by reference from Exhibit 4.18 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)
- 4.21 Form of Trust Guarantee Agreement for DRH Capital Trust III (incorporated by reference from Exhibit 4.19 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)
- 4.22\* Form of Stock Purchase Contract
- 4.23\* Form of Stock Purchase Unit Agreement
- 4.24\* Form of Unit Agreement
- 4.25 Specimen of Common Stock Certificate (incorporated by reference from Exhibit 4.1 to the registrant's registration statement (No. 33-46554) on Form S-1, filed with the SEC on March 20, 1992(P))
- 5.1 Opinion of Gibson, Dunn & Crutcher LLP, Dallas, Texas, as to the validity of the securities being registered other than trust preferred securities

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| Exhibit<br>Number | Exhibits   |
|-------------------|--|
| 5.2               | Opinion of Morris, Nichols, Arsht & Tunnell LLP, Wilmington, Delaware, as to the validity of the trust preferred securities being registered   |
| 10.1              | Third Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and U.S. Bank National Association, as trustee.   |
| 10.2              | Third Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and American Stock Transfer & Trust Company, as Trustee.  |
| 12.1              | Statement of computation of ratio of earnings to fixed charges (incorporated by reference from Exhibit 12.1 to the registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2006, filed with the SEC on May 8, 2006) |
| 23.1              | Consent of Ernst & Young LLP, Fort Worth, Texas  |
| 23.2              | Consent of Gibson, Dunn & Crutcher LLP, Dallas, Texas (see Exhibit 5.1)  |
| 23.3              | Consent of Morris, Nichols, Arsht & Tunnell LLP, Wilmington, Delaware (see Exhibit 5.2)  |
| 24.1              | Powers of Attorney (see signature page of this registration statement)   |
| 25.1(a)           | Statement of eligibility of trustee on Form T-1 for Senior Debt Securities   |
| 25.1(b)           | Statement of eligibility of trustee on Form T-1 for Senior Subordinated Debt Securities  |
| 25.1(c)*          | Statement of eligibility of trustee on Form T-1 for Subordinated Debt Securities   |
| 25.1(d)*          | Statement of eligibility of trustee on Form T-1 for Subordinated Trust Debt Securities   |
| 25.1(e)*          | Statement of eligibility of trustee on Form T-1 for Trust Agreements   |

\* To be filed by amendment hereto or pursuant to a Current Report on Form 8-K to be incorporated herein by reference.

**Item 17. Undertakings.**

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*Provided, however,* that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrants pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.



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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining liability under the Securities Act of 1933 to any purchaser:

- (i) Each prospectus filed by the registrants pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and
- (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for purposes of determining liability of the registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrants undertake that in a primary offering of securities of the undersigned registrants pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrants will be sellers to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrants or used or referred to by the undersigned registrants;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of the undersigned registrants; and
- (iv) Any other communication that is an offer in the offering made by the undersigned registrants to the purchaser.

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(b) The undersigned registrants hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of D.R. Horton, Inc.'s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions described in Item 15, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of any registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each appropriate registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrants hereby undertake to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under section 305(b)(2) of the Trust Indenture Act.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant, D.R. Horton, Inc., and the co-registrants named below, certify that they have reasonable grounds to believe that they meet all the requirements for filing on Form S-3 and have duly caused this registration statement to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Fort Worth, State of Texas, on June 13, 2006.

**D.R. HORTON, INC.**

By: /s/ BILL W. WHEAT  
Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer  
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CO-REGISTRANTS:

C. RICHARD DOBSON BUILDERS, INC.  
CHI CONSTRUCTION COMPANY  
CHTEX OF TEXAS, INC.  
CONTINENTAL HOMES, INC.  
CONTINENTAL RESIDENTIAL, INC.  
D.R. HORTON, INC. BIRMINGHAM  
D.R. HORTON, INC. CHICAGO  
D.R. HORTON, INC. DENVER  
D.R. HORTON, INC. DIETZ-CRANE  
  
D.R. HORTON, INC. FRESNO  
D.R. HORTON, INC. GREENSBORO  
D.R. HORTON, INC. GULF COAST  
D.R. HORTON, INC. JACKSONVILLE  
D.R. HORTON, INC. LOS ANGELES  
D.R. HORTON, INC. LOUISVILLE  
D.R. HORTON, INC. MINNESOTA  
D.R. HORTON, INC. NEW JERSEY  
D.R. HORTON, INC. PORTLAND  
D.R. HORTON, INC. SACRAMENTO  
  
D.R. HORTON, INC. TORREY  
D.R. HORTON LOS ANGELES HOLDING COMPANY, INC.  
  
D.R. HORTON MATERIALS, INC.  
D.R. HORTON ORANGE COUNTY, INC.  
D.R. HORTON SAN DIEGO HOLDING COMPANY, INC.  
DRH CAMBRIDGE HOMES, INC.  
DRH CONSTRUCTION, INC.  
DRH ENERGY, INC.  
DRH REGREM X, INC.  
DRH REGREM XI, INC.  
  
DRH REGREM XIII, INC.  
DRH REGREM XIV, INC.  
DRH REGREM XV, INC.  
  
DRH REGREM XVI, INC.

DRH REGREM XVII, INC.  
DRH REGREM XVIII, INC.  
DRH REGREM XIX, INC.  
DRH REGREM XX, INC.  
DRH REGREM XXI, INC.  
DRH REGREM XXII, INC.  
DRH REGREM XXIII, INC.  
DRH REGREM XXIV, INC.  
DRH SOUTHWEST CONSTRUCTION,  
INC.  
DRH TUCSON CONSTRUCTION, INC.  
DRHI, INC.  
KDB HOMES, INC.  
MEADOWS I, LTD.  
MEADOWS VIII, LTD.  
MEADOWS IX, INC.  
MEADOWS X, INC.  
MELMORT CO.  
MELODY HOMES, INC.  
SCHULER HOMES OF CALIFORNIA,  
INC.  
SCHULER HOMES OF OREGON, INC.  
SCHULER HOMES OF WASHINGTON,  
INC.  
SCHULER MORTGAGE, INC.  
SCHULER REALTY HAWAII, INC.  
SHLR OF CALIFORNIA, INC.  
SHLR OF COLORADO, INC.  
SHLR OF NEVADA, INC.  
SHLR OF UTAH, INC.  
SHLR OF WASHINGTON, INC.  
VERTICAL CONSTRUCTION  
CORPORATION  
WESTERN PACIFIC FUNDING, INC.  
WESTERN PACIFIC HOUSING, INC.  
WESTERN PACIFIC HOUSING  
MANAGEMENT, INC.

By: /s/ BILL W. WHEAT  
Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

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**CH INVESTMENTS OF TEXAS, INC.  
MEADOWS II, LTD.  
THE CLUB AT PRADERA, INC.**

By: /s/ ROBERT E. COLTIN  
Robert E. Coltin  
Vice President  
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**CONTINENTAL HOMES OF TEXAS, L.P.**

By: CHTEX of Texas, Inc., its General Partner

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

**D.R. HORTON MANAGEMENT COMPANY,  
LTD.**

**D.R. HORTON EMERALD, LTD.**

**D.R. HORTON TEXAS, LTD.**

**DRH REGREM VII, LP**

**DRH REGREM XII, LP**

By: Meadows I, Ltd., its General Partner

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

**SGS COMMUNITIES AT GRANDE QUAY,  
LLC**

By: Meadows IX, Inc., a Member

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

and

By: Meadows X, Inc., a Member

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

**DRH CAMBRIDGE HOMES, LLC**

**DRH REGREM VIII, LLC**

By: D.R. Horton, Inc. Chicago, its Member

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

**DRH CAPITAL TRUST I  
DRH CAPITAL TRUST II  
DRH CAPITAL TRUST III**

By: D.R. Horton, Inc., as Depositor

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

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**HPH HOMEBUILDERS 2000 L.P.**  
**WESTERN PACIFIC HOUSING CO., A CALIFORNIA LIMITED PARTNERSHIP**  
**WESTERN PACIFIC HOUSING-ANTIGUA, LLC**  
**WESTERN PACIFIC HOUSING-AVIARA, L.P.**  
**WESTERN PACIFIC HOUSING-BOARDWALK, LLC**  
**WESTERN PACIFIC HOUSING-BROADWAY, LLC**  
**WESTERN PACIFIC HOUSING-CANYON PARK, LLC**  
**WESTERN PACIFIC HOUSING-CARMEL, LLC**  
**WESTERN PACIFIC HOUSING-CARRILLO, LLC**  
**WESTERN PACIFIC HOUSING-COMMUNICATIONS HILL, LLC**  
**WESTERN PACIFIC HOUSING-COPPER CANYON, LLC**  
**WESTERN PACIFIC HOUSING-CREEKSIDE, LLC**  
**WESTERN PACIFIC HOUSING-CULVER CITY, L.P.**  
**WESTERN PACIFIC HOUSING-DEL VALLE, LLC**  
**WESTERN PACIFIC HOUSING-LOMAS VERDES, LLC**  
**WESTERN PACIFIC HOUSING-LOST HILLS PARK, LLC**  
**WESTERN PACIFIC HOUSING-MCGONIGLE CANYON, LLC**  
**WESTERN PACIFIC HOUSING-MOUNTAINGATE, L.P.**  
**WESTERN PACIFIC HOUSING-NORCO ESTATES, LLC**  
**WESTERN PACIFIC HOUSING-OSO, L.P.**  
**WESTERN PACIFIC HOUSING-PACIFIC PARK II, LLC**  
**WESTERN PACIFIC HOUSING-PARK AVENUE EAST, LLC**  
**WESTERN PACIFIC HOUSING-PARK AVENUE WEST, LLC**  
**WESTERN PACIFIC HOUSING-PLAYA VISTA, LLC**  
**WESTERN PACIFIC HOUSING-POINSETTIA, L.P.**  
**WESTERN PACIFIC HOUSING-RIVER RIDGE, LLC**  
**WESTERN PACIFIC HOUSING-ROBINHOOD RIDGE, LLC**  
**WESTERN PACIFIC HOUSING-SANTA FE, LLC**  
**WESTERN PACIFIC HOUSING-SCRIPPS, L.P.**  
**WESTERN PACIFIC HOUSING-SCRIPPS II, LLC**  
**WESTERN PACIFIC HOUSING-SEACOVE, L.P.**  
**WESTERN PACIFIC HOUSING-STUDIO 528, LLC**  
**WESTERN PACIFIC HOUSING-TERRA BAY DUETS, LLC**  
**WESTERN PACIFIC HOUSING-TORRANCE, LLC**  
**WESTERN PACIFIC HOUSING-TORREY COMMERCIAL, LLC**  
**WESTERN PACIFIC HOUSING-TORREY MEADOWS, LLC**  
**WESTERN PACIFIC HOUSING-TORREY MULTI-FAMILY, LLC**  
**WESTERN PACIFIC HOUSING-TORREY VILLAGE CENTER, LLC**  
**WESTERN PACIFIC HOUSING-VINEYARD TERRACE, LLC**  
**WESTERN PACIFIC HOUSING-WINDEMERE, LLC**



**WESTERN PACIFIC HOUSING-WINDFLOWER, L.P.  
WPH-CAMINO RUIZ, LLC**

By: Western Pacific Housing Management, Inc.,  
its Manager, Member or General Partner

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

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**SCHULER HOMES OF ARIZONA LLC  
SHA CONSTRUCTION LLC**

By: SRHI  
LLC,  
its  
Member

By: SHLR of Nevada, Inc.,  
its Member

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and  
Chief Financial Officer

**D.R. HORTON-SCHULER HOMES, LLC**

By: Vertical Construction Corporation,  
its Manager

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

**SRHI LLC**

By: SHLR of Nevada, Inc.,  
its Member

By: /s/ BILL W. WHEAT

Bill W. Wheat  
Executive Vice President and Chief  
Financial Officer

**SSHI LLC**

By: SHLR of Washington, Inc.,  
its Member

By: /s/ BILL W. WHEAT

Bill W. Wheat

Executive Vice President and Chief  
Financial Officer

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KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints each of Donald R. Horton, individually, and Donald J. Tomnitz and Bill W. Wheat together as a group, as his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, including post-effective amendments and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each such attorney-in-fact and agent full power and authority to do so and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each such attorney-in-fact and agent, each acting alone, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

**REGISTRANT OFFICERS AND DIRECTORS**

| <b>Signature</b>                                   | <b>Title</b>   | <b>Date</b>   |
|--|--|---------------|
| /s/ DONALD R. HORTON<br><br>Donald R. Horton       | Chairman of the Board  | June 13, 2006 |
| /s/ DONALD J. TOMNITZ<br><br>Donald J. Tomnitz     | Vice Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)                | June 13, 2006 |
| /s/ BILL W. WHEAT<br><br>Bill W. Wheat             | Executive Vice President and Chief Financial Officer and Director (Principal Accounting and Financial Officer) | June 13, 2006 |
| /s/ BRADLEY S. ANDERSON<br><br>Bradley S. Anderson | Director   | June 13, 2006 |
| /s/ MICHAEL R. BUCHANAN<br><br>Michael R. Buchanan | Director   | June 13, 2006 |
| /s/ RICHARD I. GALLAND<br><br>Richard I. Galland   | Director   | June 13, 2006 |
| /s/ MICHAEL W. HEWATT<br><br>Michael W. Hewatt     | Director   | June 13, 2006 |

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|   |  |
|---|--|
| C. Richard Dobson Builders, Inc.              | DRH Regrem XVII, Inc.                    |
| CHI Construction Company                      | DRH Regrem XVIII, Inc.                   |
| CHTEX of Texas, Inc.                          | DRH Regrem XIX, Inc.                     |
| Continental Homes, Inc.                       | DRH Regrem XX, Inc.                      |
| Continental Residential, Inc.                 | DRH Regrem XXI, Inc.                     |
| D.R. Horton, Inc. Birmingham                  | DRH Regrem XXII, Inc.                    |
| D.R. Horton, Inc. Chicago                     | DRH Regrem XXIII, Inc.                   |
| D.R. Horton, Inc. Denver                      | DRH Regrem XXIV, Inc.                    |
| D.R. Horton, Inc. Dietz-Crane                 | DRH Southwest Construction, Inc.         |
| D.R. Horton, Inc. Fresno                      | DRH Tucson Construction, Inc.            |
| D.R. Horton, Inc. Greensboro                  | DRHI, Inc.                               |
| D.R. Horton, Inc. Gulf Coast                  | KDB Homes, Inc.                          |
| D.R. Horton, Inc. Jacksonville                | Meadows I, Ltd.                          |
| D.R. Horton, Inc. Los Angeles                 | Meadows VIII, Ltd.                       |
| D.R. Horton, Inc. Louisville                  | Meadows IX, Inc.                         |
| D.R. Horton, Inc. Minnesota                   | Meadows X, Inc.                          |
| D.R. Horton, Inc. New Jersey                  | Melmort Co.                              |
| D.R. Horton, Inc. Portland                    | Melody Homes, Inc.                       |
| D.R. Horton, Inc. Sacramento                  | Schuler Homes of California, Inc.        |
| D.R. Horton, Inc. Torrey                      | Schuler Homes of Oregon, Inc.            |
| D.R. Horton Los Angeles Holding Company, Inc. | Schuler Homes of Washington, Inc.        |
| D.R. Horton Materials, Inc.                   | Schuler Mortgage, Inc.                   |
| D.R. Horton Orange County, Inc.               | Schuler Realty Hawaii, Inc.              |
| D.R. Horton San Diego Holding Company, Inc.   | SHLR of California, Inc.                 |
| DRH Construction, Inc.                        | SHLR of Colorado, Inc.                   |
| DRH Energy, Inc.                              | SHLR of Nevada, Inc.                     |
| DRH Regrem X, Inc.                            | SHLR of Utah, Inc.                       |
| DRH Regrem XI, Inc.                           | SHLR of Washington, Inc.                 |
| DRH Regrem XIII, Inc.                         | Vertical Construction Corporation        |
| DRH Regrem XIV, Inc.                          | Western Pacific Funding, Inc.            |
| DRH Regrem XV, Inc.                           | Western Pacific Housing, Inc.            |
| DRH Regrem XVI, Inc.                          | Western Pacific Housing Management, Inc. |

| Signature                                      | Title  | Date          |
|--|--|---------------|
| /s/ DONALD R. HORTON<br><br>Donald R. Horton   | Chairman of the Board  | June 13, 2006 |
| /s/ DONALD J. TOMNITZ<br><br>Donald J. Tomnitz | Vice Chairman, President and Chief Executive<br>Officer<br>(Principal Executive Officer)             | June 13, 2006 |
| /s/ BILL W. WHEAT<br><br>Bill W. Wheat         | Executive Vice President and Chief Financial Officer<br>(Principal Accounting and Financial Officer) | June 13, 2006 |



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**CH Investments of Texas, Inc.  
Meadows II, LTD.**

| <b>Signature</b>  | <b>Title</b>  | <b>Date</b>   |
|---|---|---------------|
| /s/ F. THOMAS DAVIS<br><br>F. Thomas Davis                  | Director, President<br>(Principal Executive Officer)                | June 13, 2006 |
| /s/ ROBERT E. COLTIN<br><br>Robert E. Coltin                | Director, Treasurer<br>(Principal Accounting and Financial Officer) | June 13, 2006 |
| /s/ CHRISTOPHER M. FRANDBSEN<br><br>Christopher M. Frandsen | Director  | June 13, 2006 |

**The Club at Pradera, Inc.**

| <b>Signature</b>  | <b>Title</b>  | <b>Date</b>   |
|---|---|---------------|
| /s/ F. THOMAS DAVIS<br><br>F. Thomas Davis                  | Director, President<br>(Principal Executive Officer)                | June 13, 2006 |
| /s/ ROBERT E. COLTIN<br><br>Robert E. Coltin                | Director  | June 13, 2006 |
| /s/ CHRISTOPHER M. FRANDBSEN<br><br>Christopher M. Frandsen | Director, Treasurer<br>(Principal Accounting and Financial Officer) | June 13, 2006 |

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**DRH Cambridge Homes, Inc.**

| <b>Signature</b>                               | <b>Title</b>   | <b>Date</b>   |
|--|--|---------------|
| /s/ DONALD R. HORTON<br><br>Donald R. Horton   | Chairman of the Board  | June 13, 2006 |
| /s/ DONALD J. TOMNITZ<br><br>Donald J. Tomnitz | Vice Chairman and Chief Executive Officer<br>(Principal Executive Officer)                           | June 13, 2006 |
| /s/ BILL W. WHEAT<br><br>Bill W. Wheat         | Executive Vice President and Chief Financial Officer<br>(Principal Accounting and Financial Officer) | June 13, 2006 |

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**CHTEX of Texas, Inc., the General Partner of  
Continental Homes of Texas, L.P.**

**D.R. Horton, Inc. Chicago, a Member of  
DRH Cambridge Homes, LLC  
DRH Regrem VIII, LLC**

**Meadows I, Ltd., the General Partner of  
D.R. Horton Management Company, LTD.  
D.R. Horton Emerald, LTD.  
D.R. Horton Texas, LTD.  
DRH Regrem VII, LP  
DRH Regrem XII, LP**

**Meadows IX, Inc., a Member of  
and Meadows X, Inc., a Member of  
SGS Communities at Grande Quay, LLC**

**SHLR of Nevada, Inc., a Member of  
SRHI LLC**

**SHLR of Nevada, Inc., a Member of  
SRHI LLC, a Member of**

**Schuler Homes of Arizona LLC  
SHA Construction LLC**

**SHLR of Washington, Inc., a Member of  
SSHI LLC**

**Vertical Construction Corporation, Manager of  
D.R. Horton-Schuler Homes, LLC**

| <b>Signature</b>                               | <b>Title</b>   | <b>Date</b>   |
|--|--|---------------|
| /s/ DONALD R. HORTON<br><br>Donald R. Horton   | Chairman of the Board  | June 13, 2006 |
| /s/ DONALD J. TOMNITZ<br><br>Donald J. Tomnitz | Vice Chairman, President and Chief Executive<br>Officer<br>(Principal Executive Officer)             | June 13, 2006 |
| /s/ BILL W. WHEAT<br><br>Bill W. Wheat         | Executive Vice President and Chief Financial Officer<br>(Principal Accounting and Financial Officer) | June 13, 2006 |

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**Table of Contents****D.R. Horton, Inc., as Depositor of  
DRH Capital Trust I  
DRH Capital Trust II  
DRH Capital Trust III**

| <b>Signature</b>                                   | <b>Title</b>   | <b>Date</b>   |
|--|--|---------------|
| /s/ DONALD R. HORTON<br><br>Donald R. Horton       | Chairman of the Board  | June 13, 2006 |
| /s/ DONALD J. TOMNITZ<br><br>Donald J. Tomnitz     | Vice Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)                | June 13, 2006 |
| /s/ BILL W. WHEAT<br><br>Bill W. Wheat             | Executive Vice President and Chief Financial Officer and Director (Principal Accounting and Financial Officer) | June 13, 2006 |
| /s/ BRADLEY S. ANDERSON<br><br>Bradley S. Anderson | Director   | June 13, 2006 |
| /s/ MICHAEL R. BUCHANAN<br><br>Michael R. Buchanan | Director   | June 13, 2006 |
| /s/ RICHARD I. GALLAND<br><br>Richard I. Galland   | Director   | June 13, 2006 |
| /s/ MICHAEL W. HEWATT<br><br>Michael W. Hewatt     | Director   | June 13, 2006 |

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**Western Pacific Housing Management, Inc., a Manager, Member or General Partner of HPH Homebuilders 2000 L.P.**

**Western Pacific Housing Co., a California Limited Partnership**

**Western Pacific Housing-Antigua, LLC**

**Western Pacific Housing-Aviara, L.P.**

**Western Pacific Housing-Boardwalk, LLC**

**Western Pacific Housing-Broadway, LLC**

**Western Pacific Housing-Canyon Park, LLC**

**Western Pacific Housing-Carmel, LLC**

**Western Pacific Housing-Carrillo, LLC**

**Western Pacific Housing-Communications Hill, LLC**

**Western Pacific Housing-Copper Canyon, LLC**

**Western Pacific Housing-Creekside, LLC**

**Western Pacific Housing-Culver City, L.P.**

**Western Pacific Housing-Del Valle, LLC**

**Western Pacific Housing-Lomas Verdes, LLC**

**Western Pacific Housing-Lost Hills Park, LLC**

**Western Pacific Housing-McGonigle Canyon, LLC**

**Western Pacific Housing-Mountaingate, L.P.**

**Western Pacific Housing-Norco Estates, LLC**

**Western Pacific Housing-Oso, L.P.**

**Western Pacific Housing-Pacific Park II, LLC**

**Western Pacific Housing-Park Avenue East, LLC**

**Western Pacific Housing-Park Avenue West, LLC**

**Western Pacific Housing-Playa Vista, LLC**

**Western Pacific Housing-Poinsettia, L.P.**

**Western Pacific Housing-River Ridge, LLC**

**Western Pacific Housing-Robinhood Ridge, LLC**

**Western Pacific Housing-Santa Fe, LLC**

**Western Pacific Housing-Scripps, L.P.**

**Western Pacific Housing-Scripps II, LLC**

**Western Pacific Housing-Seacove, L.P.**

**Western Pacific Housing-Studio 528, LLC**

**Western Pacific Housing-Terra Bay Duets, LLC**

**Western Pacific Housing-Torrance, LLC**

**Western Pacific Housing-Torrey Commercial, LLC**

**Western Pacific Housing-Torrey Meadows, LLC**

**Western Pacific Housing-Torrey Multi-Family, LLC**

**Western Pacific Housing-Torrey-Village Center, LLC**

**Western Pacific Housing-Vineyard Terrace, LLC**

**Western Pacific Housing-Windemere, LLC**

**Western Pacific Housing-Windflower, L.P.**

**WPH-Camino Ruiz, LLC**

| <b>Signature</b>     | <b>Title</b>          | <b>Date</b>   |
|----------------------|-----------------------|---------------|
| /s/ DONALD R. HORTON | Chairman of the Board | June 13, 2006 |

Donald R. Horton

Edgar Filing: DRH CAPITAL TRUST I - Form S-3ASR

|                       |  |               |
|-----------------------|--|---------------|
| /s/ DONALD J. TOMNITZ | Vice Chairman, President and Chief Executive Officer | June 13, 2006 |
| Donald J. Tomnitz     | (Principal Executive Officer)                        |               |
| /s/ BILL W. WHEAT     | Executive Vice President and Chief Financial Officer | June 13, 2006 |
| Bill W. Wheat         | (Principal Accounting and Financial Officer)         |               |

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EXHIBIT INDEX

| Exhibit<br>Number | Exhibits   |
|-------------------|--|
| 1.1*              | Form of Underwriting Agreement   |
| 4.1(a)            | Senior Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(a) to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)                     |
| 4.1(b)            | Senior Subordinated Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(b) to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)        |
| 4.1(c)            | Form of Subordinated Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(c) to Amendment No. 1 to the registrant's registration statement (No. 333-27521) on Form S-3, filed with the SEC on June 2, 1997)             |
| 4.1(d)            | Form of Subordinated Trust Debt Securities Indenture (including form of notes) (incorporated by reference from Exhibit 4.1(d) to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004) |
| 4.2               | Twenty-Eighth Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and American Stock Transfer & Trust Company, as Trustee.  |
| 4.3               | Sixth Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and American Stock Transfer & Trust Company, as Trustee.  |
| 4.4               | Amended and Restated Certificate of Incorporation of the registrant, as amended (incorporated by reference from Exhibit 3.1 to the registrant's quarterly report on Form 10-Q for the quarter ended December 31, 2005, filed with the SEC on February 2, 2006).    |
| 4.5               | Amended and Restated Bylaws of the registrant (incorporated by reference from Exhibit 3.1 to the registrant's quarterly report on Form 10-Q for the quarter ended December 31, 1998, filed with the SEC on February 16, 1999)                                      |
| 4.6*              | Form of Warrant Agreement (including form of warrant)  |
| 4.7               | Certificate of Trust for DRH Capital Trust I (incorporated by reference from Exhibit 4.5 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)   |
| 4.8               | Certificate of Trust for DRH Capital Trust II (incorporated by reference from Exhibit 4.6 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)  |
| 4.9               | Certificate of Trust for DRH Capital Trust III (incorporated by reference from Exhibit 4.7 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)   |

- 4.10 Certificate of Amendment to Certificate of Trust for DRH Capital Trust I (incorporated by reference from Exhibit 4.8 to the registrant's registration statement (No. 333-117531) on Form S-3, filed with the SEC on July 21, 2004)
  - 4.11 Certificate of Amendment to Certificate of Trust for DRH Capital Trust II (incorporated by reference from Exhibit 4.9 to the registrant's registration statement (No. 333-117531) on Form S-3, filed with the SEC on July 21, 2004)
  - 4.12 Certificate of Amendment to Certificate of Trust for DRH Capital Trust III (incorporated by reference from Exhibit 4.10 to the registrant's registration statement (No. 333-117531) on Form S-3, filed with the SEC on July 21, 2004)
  - 4.13 Trust Agreement for DRH Capital Trust I (incorporated by reference from Exhibit 4.8 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)
  - 4.14 Trust Agreement for DRH Capital Trust II (incorporated by reference from Exhibit 4.9 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)
  - 4.15 Trust Agreement for DRH Capital Trust III (incorporated by reference from Exhibit 4.10 to the registrant's registration statement (No. 333-57388) on Form S-3, filed with the SEC on March 22, 2001)
-

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| Exhibit<br>Number | Exhibits  |
|-------------------|---|
| 4.16              | Form of Amended & Restated Trust Agreement for DRH Capital Trust I (including form of trust preferred security) (incorporated by reference from Exhibit 4.14 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)   |
| 4.17              | Form of Amended & Restated Trust Agreement for DRH Capital Trust II (including form of trust preferred security) (incorporated by reference from Exhibit 4.15 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)  |
| 4.18              | Form of Amended & Restated Trust Agreement for DRH Capital Trust III (including form of trust preferred security) (incorporated by reference from Exhibit 4.16 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004) |
| 4.19              | Form of Trust Guarantee Agreement for DRH Capital Trust I (incorporated by reference from Exhibit 4.17 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)   |
| 4.20              | Form of Trust Guarantee Agreement for DRH Capital Trust II (incorporated by reference from Exhibit 4.18 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)  |
| 4.21              | Form of Trust Guarantee Agreement for DRH Capital Trust III (incorporated by reference from Exhibit 4.19 to Amendment No. 2 to the registrant's registration statement (No. 333-117531) on Form S-3/A, filed with the SEC on August 12, 2004)   |
| 4.22*             | Form of Stock Purchase Contract   |
| 4.23*             | Form of Stock Purchase Unit Agreement   |
| 4.24*             | Form of Unit Agreement  |
| 4.25              | Specimen of Common Stock Certificate (incorporated by reference from Exhibit 4.1 to the registrant's registration statement (No. 33-46554) on Form S-1, filed with the SEC on March 20, 1992(P))  |
| 5.1               | Opinion of Gibson, Dunn & Crutcher LLP, Dallas, Texas, as to the validity of the securities being registered other than trust preferred securities  |
| 5.2               | Opinion of Morris, Nichols, Arsht & Tunnell LLP, Wilmington, Delaware, as to the validity of the trust preferred securities being registered  |
| 10.1              | Third Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and U.S. Bank National Association, as trustee.  |
| 10.2              | Third Supplemental Indenture, dated as of June 13, 2006, among D.R. Horton, Inc., the guarantors named therein and American Stock Transfer & Trust Company, as Trustee.   |
| 12.1              |   |

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Statement of computation of ratio of earnings to fixed charges (incorporated by reference from Exhibit 12.1 to the registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2006, filed with the SEC on May 8, 2006)

- 23.1 Consent of Ernst & Young LLP, Fort Worth, Texas
- 23.2 Consent of Gibson, Dunn & Crutcher LLP, Dallas, Texas (see Exhibit 5.1)
- 23.3 Consent of Morris, Nichols, Arsht & Tunnell LLP, Wilmington, Delaware (see Exhibit 5.2)
- 24.1 Powers of Attorney (see signature page of this registration statement)
- 25.1(a) Statement of eligibility of trustee on Form T-1 for Senior Debt Securities
- 25.1(b) Statement of eligibility of trustee on Form T-1 for Senior Subordinated Debt Securities
- 25.1(c)\* Statement of eligibility of trustee on Form T-1 for Subordinated Debt Securities
- 25.1(d)\* Statement of eligibility of trustee on Form T-1 for Subordinated Trust Debt Securities
- 25.1(e)\* Statement of eligibility of trustee on Form T-1 for Trust Agreements

\* To be filed by amendment hereto or pursuant to a Current Report on Form 8-K to be incorporated herein by reference.