

FIRST AMENDMENT TO OPERATING AGREEMENT OF
ASHTON ATLANTA RESIDENTIAL L.L.C.

THIS FIRST AMENDMENT TO OPERATING AGREEMENT OF ASHTON ATLANTA RESIDENTIAL L.L.C. (this "Amendment") is made and entered into by and among ELLY NEVADA, INC., a Nevada corporation ("Elly NV"), NORMAN NEVADA, INC., a Nevada corporation ("Norman NV"), LARRY NEVADA, INC., a Nevada corporation ("Larry NV"), BRUCE NEVADA, INC., a Nevada corporation ("Bruce NV"), HARRY NEVADA, INC., a Nevada corporation ("Harry NV"), SEYMOUR NEVADA, INC., a Nevada corporation ("Seymour NV"), HAYDN NEVADA, INC., a Nevada corporation ("Haydn NV"), LITTLE SHOTS NEVADA L.L.C., a Nevada limited liability company ("Little Shots"), and ASHTON WOODS USA L.L.C., a Nevada limited liability company ("Ashton USA").

RECITALS:

A. Elly NV, Norman NV, Larry NV, Bruce NV, Harry NV, Seymour NV, and Haydn NV have heretofore entered into an Operating Agreement of Ashton Atlanta Residential L.L.C. (the "Operating Agreement") dated as of July 7, 1994, creating Ashton Atlanta Residential L.L.C., a Georgia limited liability company (the "Company").

B. As permitted by the Operating Agreement, Bruce NV, Harry NV, Seymour NV, and Haydn NV transferred all of their right, title, and interest in and to the Company to Little Shots.

C. As permitted by the Operating Agreement, Elly NV, Norman NV, Larry NV, and Little Shots transferred all of their right, title, and interest in and to the Company to Ashton USA.

D. The parties hereto desire to amend the Operating Agreement to reflect the transfers described above and provide for the admission of Ashton USA as the sole member of the Company.

E. Capitalized terms, not specifically defined in this Amendment, shall have the meanings given such terms in the Operating Agreement.

NOW, THEREFORE, for and in consideration of the premises and the respective agreements set forth herein, the parties hereto agree as follows:

1. The transfers described in Recitals B and C above are hereby approved.

2. Ashton USA is hereby admitted as a Member of the Company and the parties hereto recognize that Elly NV, Norman NV, Larry NV, Bruce NV, Harry NV, Seymour NV, Haydn NV, and Little Shots have withdrawn as Members of the Company. The only Member of the Company is Ashton USA.

3. The Sharing Ratios and funding commitments of the Members set forth on Exhibit "A" to the Operating Agreement shall be as follows:

Member	Sharing Ratio and Funding Commitment
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Ashton Woods USA L.L.C.	100%

4. Any and all notices, demands, requests, or other communications permitted or required to be given to Ashton USA pursuant to the Operating Agreement shall be delivered to Ashton USA in the manner provided in the Operating Agreement, at the following address:

250 Lesmill Road
Don Mills, Ontario M3B 2T5 Canada

5. By execution of this Amendment, Ashton USA agrees to be bound by the terms and provisions of the Operating Agreement, as amended hereby.

6. Except as amended hereby, the terms and provisions of the Operating Agreement shall remain unchanged and shall continue in full force and effect.

EXECUTED as of May 31, 1999.

MEMBER:

ASHTON WOODS USA L.L.C.,
a Nevada limited liability company

By: /s/ Bruce Freeman

Bruce Freeman - Managing Member

By: /s/ Seymour Joffe

Seymour Joffe - Managing Member

By: /s/ Harry Rosenbaum

Harry Rosenbaum - Managing Member

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WITHDRAWING MEMBERS:

ELLY NEVADA, INC.,
a Nevada corporation

By: /s/ Elly Reisman

Elly Reisman, President

NORMAN NEVADA, INC.,
a Nevada corporation

By: /s/ Norman Reisman

Norman Reisman, President

LARRY NEVADA, INC.,
a Nevada corporation

By: /s/ Larry Robbins

Larry Robbins, President

BRUCE NEVADA, INC.,

a Nevada corporation

By: /s/ Bruce Freeman

Bruce Freeman, President

HARRY NEVADA, INC.,
a Nevada corporation

By: /s/ Harry Rosenbaum

Harry Rosenbaum, President

SEYMOUR NEVADA, INC.,
a Nevada corporation

By: /s/ Seymour Joffe

Seymour Joffe, President

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HAYDN NEVADA, INC.,
a Nevada corporation

By: /s/ Haydn Matthews

Haydn Matthews, President

LITTLE SHOTS NEVADA L.L.C.,
a Nevada limited liability company

By: /s/ Bruce Freeman

Bruce Freeman - Managing Member

By: /s/ Seymour Joffe

Seymour Joffe - Managing Member

By: /s/ Harry Rosenbaum

Harry Rosenbaum - Managing Member

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