
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Meritage Corporation

Co-Registrants are listed on the following page

(Exact Name of Registrant as Specified in Its Charter)

Maryland
*(State or Other Jurisdiction of
Incorporation or Organization)*

**6613 North Scottsdale Road
Suite 200
Scottsdale, Arizona 85250
(480) 998-8700**
*(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive
Offices)*

86-0611231
(I.R.S. Employer Identification Number)

Larry W. Seay
Chief Financial Officer and Vice President — Finance
**6613 North Scottsdale Road
Suite 200
Scottsdale, Arizona 85250
(480) 998-8700**
*(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)*

Copies to:

Steven D. Pidgeon
John W. Dorris
Snell & Wilmer L.L.P.
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004
(602) 382-6000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement, as determined by the registrant in light of market conditions.

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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of
Securities to be Registered

Amount to be
Registered(1)(2)

Proposed Maximum
Offering Price Per
Unit(1)(2)

Proposed Maximum
Aggregate Offering
Price(1)(2)

Amount of
Registration Fee

Debt Securities(3)(4)				
Common Stock, par value \$0.01 per share(4)(5)				
Preferred Stock(4)(6)				
Warrants(4)(7)				
Guarantees(3)(8)				
Total	\$300,000,000	100%	\$300,000,000	\$27,600

- (1) We will determine the proposed maximum offering price per unit from time to time in connection with issuances of securities registered hereunder. The proposed maximum aggregate offering price has been estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Not applicable pursuant to General Instruction II.D of Form S-3 under the Securities Act of 1933.
- (3) There is being registered hereunder an indeterminate principal amount of Debt Securities of Meritage Corporation as may be offered or sold from time to time by us. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate initial offering price not to exceed \$300,000,000.
- (4) Includes such indeterminate amount of securities of Meritage Corporation as may be issued upon conversion of or exchange for, as the case may be, any other securities registered hereunder.
- (5) There is being registered hereunder an indeterminate number of shares of our Common Stock as may be sold from time to time by us.
- (6) There is being registered hereunder an indeterminate number of shares of Preferred Stock as may be sold from time to time by us.
- (7) There is being registered hereunder an indeterminate number of warrants to purchase Common Stock, Preferred Stock and Debt Securities as may be sold from time to time by us.
- (8) The Debt Securities issued by Meritage Corporation may be accompanied by a Guarantee issued by one or more of the Co-Registrants. Pursuant to Rule 457(n), no separate fee is payable with respect to the guarantees being registered hereby.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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TABLE OF CO-REGISTRANTS

Name of Co-Registrant	Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
Monterey Homes Arizona, Inc.	Arizona	86-0844800
Meritage Paseo Crossing, LLC	Arizona	86-1006497
Monterey Homes Construction, Inc.	Arizona	86-0844802
Meritage Paseo Construction, LLC	Arizona	86-0863537
Meritage Homes of Arizona, Inc.	Arizona	86-1013006
Meritage Homes Construction, Inc.	Arizona	86-1021464
MTH-Texas GP, Inc.	Arizona	86-0875148
MTH-Texas LP, Inc.	Arizona	86-0875147
Legacy/ Monterey Homes L.P.	Arizona	91-1832213
Meritage Homes of Northern California, Inc.	California	86-0917765
Hancock-MTH Builders, Inc.	Arizona	86-1028847
Hancock-MTH Communities, Inc.	Arizona	86-1028848
Legacy Operating Company, L.P.	Texas	75-2929259
Hulen Park Venture, LLC	Texas	75-2771799
Meritage Holdings, L.L.C.	Texas	N.A.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 1, 2002

PROSPECTUS

Meritage Corporation

\$300,000,000

Debt Securities

Common Stock

Preferred Stock

Warrants

Guarantees

Under this prospectus, we may sell a variety of securities. We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement to this prospectus carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the symbol "MTH." We will list any common stock issued pursuant to a prospectus supplement, subject to notice of issuance, on the New York Stock Exchange.

See "Risk Factors," which begin on page 2, for a discussion of certain factors that should be considered in evaluating an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May , 2002.

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We have not authorized anyone to provide you with any information other than the information incorporated by reference or provided in this prospectus or any prospectus supplement. We are not making an offer of these securities in any state or other jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated or deemed to be incorporated by reference in this prospectus is accurate as of any date other than the date of that document.

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FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this prospectus or incorporated herein may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In general, “forward-looking statements” can be identified by use of words such as “expect,” “believe,” “estimate,” “project,” “forecast,” “anticipate,” “plan” and similar expressions. Our forward-looking statements may address such matters as, but are not limited to, projections of revenue, income or loss, anticipated benefits of acquisitions, capital expenditures, plans for future operations, financing needs, the impact of changes in interest rates, projected job growth and economic conditions in our housing markets, plans relating to our new products or services, potential business and real property acquisitions and new or planned development projects, as well as assumptions related to the foregoing. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include those factors described under the caption “Risk Factors” and other statements in this prospectus.

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Our past performance or past or present economic conditions in our housing markets are not indicative of future performance or conditions. Due to these inherent uncertainties, current or potential investors in our securities are urged not to place undue reliance on forward-looking statements. In addition, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to projections over time.

See Meritage’s Annual Report on Form 10-K for the year ended December 31, 2001 and Meritage’s other filings with the Securities and Exchange Commission, or SEC, for a further discussion of risks and uncertainties applicable to our business.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC utilizing a “shelf” registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings up to an aggregate initial offering price of \$300,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being sold in that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information.”

Any statements in this prospectus or in any accompanying prospectus supplement concerning the provisions of any document are not complete. In each instance, reference is made to the copy of that document filed or incorporated or deemed to be incorporated by reference as an exhibit to the registration statement of which this prospectus is a part or otherwise filed with the SEC. Each statement concerning the provisions of any document is qualified in its entirety by reference to the document so filed.

DESCRIPTION OF MERITAGE CORPORATION

We are a leading designer and builder of single-family homes in the rapidly growing Sunbelt states of Texas, Arizona and California. We focus on providing a broad range of first-time, move-up and luxury homes to our targeted customer base. We and our predecessors have operated in Arizona since 1985, in Texas since 1987 and in Northern California since 1989. To expand our presence in Arizona, in 2001 we acquired Hancock Communities, another well-established homebuilder that serves the first-time and move-up markets in the Phoenix area. We operate in Texas under the Legacy Homes name, in Arizona as

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Monterey Homes, Meritage Homes and Hancock Communities, and in Northern California as Meritage Homes. At December 31, 2001, we were actively selling homes in 74 communities, with base prices ranging from \$90,000 to \$820,000. Information about our active communities is provided through our Internet web site at www.meritagehomes.com. The information on our website is not considered part of this prospectus.

RISK FACTORS

Our future operating results and financial condition depend on our ability to successfully design, develop, construct and sell homes that satisfy dynamic customer demand patterns. Inherent in this process are factors that we must successfully manage to achieve favorable future operating results and financial condition. These operating and financial factors, along with many other factors, could affect the price of our securities. You should carefully consider the following potential risks and uncertainties before investing in our securities.

Homebuilding Industry Factors. The homebuilding industry is cyclical and is significantly affected by changes in economic and other conditions, such as employment levels, availability of financing, interest rates, and consumer confidence. These factors can negatively affect the demand for and pricing of our homes. Homebuilders are also subject to various risks, many of which are outside their control, including delays in construction schedules, cost overruns, changes in governmental regulations, increases in real estate taxes and other local government fees, and availability and cost of land, materials, and labor. Although the principal raw materials used in the homebuilding industry generally are available from a variety of sources, the materials are subject to periodic price fluctuations.

The homebuilding industry is also subject to the potential for significant variability and fluctuations in real estate availability and values. Write-downs of our land inventories could occur if market conditions deteriorate and these write-downs could be material in amount. Write-downs may also occur if we purchase land at higher prices during stronger economic cycles and the value of that land subsequently declines during slower economic cycles.

Fluctuations in Operating Results. We historically have experienced, and expect to continue to experience, variability in home sales and net earnings on a quarterly basis. As a result of such variability, our historical performance may not be a meaningful indicator of future results. Factors that contribute to this variability include:

- timing of home deliveries and land sales;
- our ability to acquire additional land or options for additional land on acceptable terms;
- conditions of the real estate market in areas where we operate and of the general economy;
- the cyclical nature of the homebuilding industry, changes in prevailing interest rates and the availability of mortgage financing;
- costs and availability of materials and labor; and
- delays in construction schedules due to strikes, adverse weather, acts of God, reduced subcontractor availability and governmental restrictions.

Interest Rates and Mortgage Financing. In general, housing demand is adversely affected by increases in interest rates and housing costs and the unavailability of mortgage financing. Most of our buyers finance their home purchases through third-party lenders providing mortgage financing. If mortgage interest rates increase and, consequently, the ability of prospective buyers to finance home purchases is adversely affected, home sales, gross margins and cash flow may also be adversely affected and the impact may be material. Our homebuilding activities also depend upon the availability and costs of mortgage financing for buyers of homes owned by potential customers, as those customers (move-up buyers) often need to sell their existing residences before they purchase our homes. Any reduction of financing availability could adversely affect home sales.

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Changes in federal income tax laws may also affect demand for new homes. Various proposals have been publicly discussed to limit mortgage interest deductions and to limit the exclusion of gain from the sale of a principal residence. Enactment of such proposals may have an adverse effect on the homebuilding industry in general. No meaningful prediction can be made whether any such proposals will be enacted and, if enacted, the particular form such laws would take.

Competition. The homebuilding industry is highly competitive. We compete for sales in each of our markets with national, regional and local developers and homebuilders, existing home resales and, to a lesser extent, condominiums and rental housing. If we are unable to successfully compete, our financial results and growth could suffer. Some of our competitors have significantly greater financial resources or lower costs than we do. Competition among both small and large residential homebuilders is based on a number of interrelated factors, including location, reputation, amenities, design, quality and price. Competition is expected to continue and become more intense, and there may be new entrants in the markets in which we currently operate and in markets we may enter in the future.

Lack of Geographic Diversification. We have operations in Texas, Arizona and Northern California. Our lack of geographic diversification could adversely affect us if the homebuilding business in our current markets should decline, since there may not be a balancing opportunity in stronger markets in other geographic regions.

Additional Financing; Limitations. The homebuilding industry is capital intensive and requires significant up-front expenditures to acquire land and begin development. Accordingly, we incur substantial indebtedness to finance our homebuilding activities. We may be required to seek additional capital in the form of equity or debt financing from a variety of potential sources, including bank financing and securities offerings. Also, lenders are increasingly requiring developers and homebuilders to invest significant amounts of equity in a project both in connection with origination of new loans as well as the extension of existing loans. The high level of our indebtedness could have important consequences to our securityholders, including the following:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;
- we must use a substantial portion of our cash flow from operations to pay interest and principal on our indebtedness, which will reduce the funds available for other purposes, such as capital expenditures;
- we have a higher level of indebtedness than some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in planning for, or responding to, changing conditions in our industry, including increased competition; and
- we are more vulnerable to economic downturns and adverse developments in our business.

We expect to obtain the money to pay our expenses and to pay the principal and interest on our indebtedness from cash flow from operations. Our ability to meet our expenses thus depends on our future performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets where we operate and pressure from competitors. We cannot be certain that our cash flow will be sufficient to allow us to pay principal and interest on our debt, and meet our other obligations. If we do not have enough money, we may be required to refinance all or part of our existing debt, sell assets or borrow more money. We cannot guarantee that we will be able to do so on terms acceptable to us, if at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives.

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Operating and Financial Limitations. The covenants under our existing senior notes indenture and credit facilities impose significant operating and financial restrictions on us. These restrictions will limit our ability, among other things, to:

- incur additional indebtedness;
- pay dividends or make other distributions;
- repurchase our stock;
- make investments;
- sell assets;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the indenture for our existing senior notes requires us to maintain a minimum consolidated tangible net worth and our existing credit facilities require us to maintain other specified financial ratios. These covenants may adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities. A breach of these covenants or our inability to maintain the required financial ratios could result in a default on our indebtedness. If a default occurs, the relevant lenders could declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness.

Government Regulations; Environmental Conditions. Regulatory requirements could cause us to incur significant liabilities and costs and could restrict our business activities. We are subject to local, state, and federal statutes and rules regulating certain developmental matters, as well as building and site design. We are subject to various fees and charges of governmental authorities designed to defray the cost of providing certain governmental services and improvements. We may be subject to additional costs and delays or may be precluded entirely from building projects because of "no growth" or "slow growth" initiatives, building permit ordinances, building moratoriums, or similar government regulations that could be imposed in the future due to health, safety, welfare, or environmental concerns. We must also obtain licenses, permits and approvals from government agencies to engage in certain activities, the granting or receipt of which are beyond our control.

We are also subject to a variety of local, state and federal statutes, ordinances, rules and regulations concerning the protection of health and the environment. Environmental laws or permit restrictions may result in project delays, may cause substantial compliance and other costs and may prohibit or severely restrict development in certain environmentally sensitive regions or geographic areas. Environmental regulations can also have an adverse impact on the availability and price of certain raw materials such as lumber.

Recent Acquisition. During 2001, we acquired Hancock Communities. We cannot guarantee that:

- the Hancock business will be integrated successfully with our existing business;
- the market and financial synergies we anticipate will be achieved in our expected time frame, or at all;
- the combined companies will not lose key employees, management, suppliers or subcontractors; and
- we can successfully manage new housing lines that were previously managed by Hancock or new lines planned for the future.

Future Expansion. We may continue to consider growth or expansion of our operations in our current markets or in other areas of the country. Our expansion into new or existing markets could have a material adverse effect on our cash flows or profitability. The magnitude, timing and nature of any future

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expansion will depend on a number of factors, including suitable acquisition candidates, the negotiation of acceptable terms, our financial capabilities, and general economic and business conditions. New acquisitions may result in the incurrence of additional debt. Acquisitions also involve numerous risks, including difficulties in the assimilation of the acquired company's operations, the incurrence of unanticipated liabilities or expenses, the diversion of management's attention from other business concerns, risks of entering markets in which we have limited or no direct experience and the potential loss of key employees of the acquired company.

Dependence on Key Personnel. Our success largely depends on the continuing services of certain key employees, including Steve Hilton and John Landon, and our continued favorable development depends on our ability to attract and retain qualified personnel. We do not have employment agreements with certain key officers and the loss of their services could harm our business.

Dependence on Subcontractors. We conduct our construction operations only as a general contractor. Virtually all architectural and construction work is performed by unaffiliated third-party subcontractors. As a consequence, we depend on the continued availability of and satisfactory performance by these subcontractors for the design and construction of our homes. We cannot assure you that there will be sufficient availability of and satisfactory performance by these unaffiliated third-party subcontractors. In addition, inadequate subcontractor resources could have a material adverse effect on our business.

Inflation. We, like other homebuilders, may be adversely affected during periods of high inflation, mainly because of higher land and construction costs. Also, higher mortgage interest rates may significantly affect the affordability of mortgage financing to prospective buyers. Inflation also increases our cost of financing, materials and labor, and could cause our financial results or growth to decline. We attempt to pass cost increases on to our customers through higher sales prices. To date, inflation has not had a material adverse effect on our results of operations; however, inflation could impact our future operating results.

Natural Disasters. We have significant homebuilding operations in Texas and Northern California. Some of our markets in Texas occasionally experience severe weather conditions, such as tornadoes or hurricanes. Northern California has experienced a significant number of earthquakes, flooding, landslides and other natural disasters in recent years. We do not insure against some of these risks. These occurrences could damage or destroy our homes under construction or our building lots, which may result in losses that exceed our insurance coverage. We could also suffer significant construction delays or substantial fluctuations in the pricing or availability of building materials. Any of these events could cause a decrease in our revenue, cash flow and earnings.

RATIO OF EARNINGS TO FIXED CHARGES

AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth Meritage's ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends for each of the periods indicated:

	Years Ended December 31,				
	2001	2000	1999	1998	1997
Ratio of Earnings to Fixed Charges	4.66x	5.00x	4.28x	6.65x	3.60x
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	4.66x	5.00x	4.28x	6.65x	3.60x

The ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends are identical because Meritage had no outstanding preferred stock during such periods. For the purposes of these calculations, "earnings" consist of earnings before income taxes and extraordinary items plus fixed charges less capitalized interest. "Fixed charges" consist of interest expense including

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amortization of deferred debt costs, one-half of rent expense, which is deemed to be representative of an interest factor, and capitalized interest. See Exhibit 12.1 to the registration statement containing this prospectus for a calculation of ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends for the periods presented.

USE OF PROCEEDS

Unless we otherwise specify in the applicable prospectus supplement, the net proceeds we receive from the sale of the securities offered by this prospectus and the accompanying prospectus supplement will be used for general corporate purposes. General corporate purposes may include the development of new residential properties, the repayment of debt, land acquisitions and possible acquisitions of other homebuilders. The net proceeds may be invested temporarily or applied to repay short-term debt until they are used for their stated purpose.

PLAN OF DISTRIBUTION

We may sell the securities:

- through underwriters or dealers;
- through agents; or
- directly to purchasers.

The securities may be sold in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices relating to prevailing market prices or at negotiated prices. We will describe in a prospectus supplement the particular terms of the offering of the securities, including the following:

- the names of any underwriters or agents;
- the purchase price and the proceeds we will receive from the sale;
- any discounts and other items constituting underwriters' or agents' compensation;
- any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers;
- any securities exchanges on which the applicable securities may be listed; and
- any other information we think is important.

If we use underwriters in the sale, the underwriters will acquire the securities for their own account. The underwriters may resell the securities in one or more transactions, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices relating to prevailing market prices or at negotiated prices.

The securities may be offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase the securities will be subject to certain conditions. The underwriters will be obligated to purchase all the securities of the series offered if any of the securities are purchased. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers.

We may sell securities through agents or dealers designated by us. Any agent or dealer involved in the offer or sale of the securities for which this prospectus is delivered will be named, and any commissions payable by us to that agent or dealer will be set forth, in the prospectus supplement. Unless indicated in the prospectus supplement, the agents will agree to use their reasonable efforts to solicit purchases for the period of their appointment and any dealer will purchase securities from us as principal and may resell

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those securities at varying prices to be determined by the dealer. We also may sell securities directly to investors. In this case, no underwriters or agents would be involved.

Underwriters, dealers and agents that participate in the distribution of the securities may be underwriters as defined in the Securities Act, and any discounts or commissions received by them from us and any profit on the resale of the securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries in the ordinary course of their businesses.

In order to facilitate the offering of the securities, any underwriters or agents involved in the offering of those securities may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. Specifically, the underwriters or agents may overallocate in connection with the offering, creating a short position in the offered securities for their own account. In addition, to cover over allotments or to stabilize the price of the securities, the underwriters or agents may bid for, and purchase, the securities in the open market. Finally, in any offering of the securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allotted to an underwriter or a dealer for distributing the securities in the offering if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transaction or otherwise. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The underwriters or agents are not required to engage in these activities, and may end any of these activities at any time.

Some or all of the securities may be new issues of securities with no established trading market. Any underwriter to which securities are sold by us for public offering and sale may make a market in such securities, but will not be obligated to do so, and may discontinue any market making at any time without notice. We cannot and will not give any assurances as to the liquidity of the trading market for any of our securities.

DESCRIPTION OF DEBT SECURITIES

This prospectus describes certain general terms and provisions of our debt securities. When we offer to sell a particular series of debt securities, we will describe the specific terms of the series in a supplement to this prospectus. We will also indicate in the applicable prospectus supplement whether the general terms and provisions described in this prospectus apply to a particular series of debt securities.

Unless otherwise specified in a supplement to this prospectus, the debt securities will be the direct, unsecured obligations of Meritage Corporation and will rank equally with all of its other unsecured and unsubordinated indebtedness. Meritage Corporation's payment obligations under any series of debt securities may be guaranteed by one or more co-registrants.

The debt securities will be issued under an indenture between us and a bank or trust company, as trustee. We have summarized select portions of the indenture below. The summary is not complete. The form of the indenture has been filed as an exhibit to the registration statement and you should read the indenture for provisions that may be important to you. Capitalized terms used in the summary have the meaning specified in the indenture.

When we refer to "we," "our" and "us" in this section, we mean Meritage Corporation unless the context otherwise requires or as otherwise expressly stated.

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General

The terms of each series of debt securities will be established by or pursuant to a resolution of our board of directors and set forth or determined in the manner provided in an officers' certificate or by a supplemental indenture. The particular terms of each series of debt securities will be described in a prospectus supplement relating to that series, including any pricing supplement.

We may issue an unlimited amount of debt securities under the indenture that may be in one or more series with the same or various maturities, at par, at a premium, or at a discount. We will set forth in a prospectus supplement, including any pricing supplement, relating to any series of debt securities being offered, the aggregate principal amount and the following terms of the debt securities:

- the title of the debt securities;
- the price or prices (expressed as a percentage of the principal amount) at which we will sell the debt securities;
- any limit on the aggregate principal amount of the debt securities;
- the date or dates on which we will pay the principal on the debt securities;
- the rate or rates (which may be fixed or variable) per annum or the method used to determine the rate or rates (including any commodity, commodity index, stock exchange index or financial index) at which the debt securities will bear interest, the date or dates from which interest will accrue, the date or dates on which interest will commence and be payable and any regular record date for the interest payable on any interest payment date;
- the trustee for the series of debt securities;
- whether the debt securities rank as senior debt securities, senior subordinated debt securities or subordinated debt securities, or any combination thereof;
- the form and terms of any guarantee of any debt securities;
- any depositories, interest rate calculation agents or other agents with respect to the debt securities;
- whether, the ratio at which and the terms and conditions upon which, if any, the debt securities will be convertible into or exchangeable for our common stock or our other securities or securities of another person;
- the place or places where principal of, premium, if any, and interest, if any, on the debt securities will be payable or the method of payment, if by wire transfer, mail or by other means;
- the terms and conditions upon which we may redeem the debt securities;
- any obligation we have to redeem or purchase the debt securities pursuant to any sinking fund or analogous provisions or at the option of a holder of debt securities;
- the dates, if any, on which, and the price or prices at which, we will repurchase debt securities at the option of the holders of debt securities and other detailed terms and provisions of these repurchase obligations;
- the denominations in which the debt securities will be issued, if other than denominations of \$1,000 and any integral multiple thereof;
- whether the debt securities will be issued in bearer or fully registered form (and if in fully registered form, whether the debt securities will be issuable, in whole or in part, as global debt securities);
- the portion of principal amount of the debt securities payable upon declaration of acceleration of the maturity date, if other than the principal amount;
- the currency of denomination of the debt securities;

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- the designation of the currency, currencies or currency units in which payment of principal of, premium and interest on the debt securities will be made;
- if payments of principal of, premium or interest on the debt securities will be made in one or more currencies or currency units other than that or those in which the debt securities are denominated, the manner in which the exchange rate with respect to these payments will be determined;
- the manner in which the amounts of payment of principal of, or premium or interest on the debt securities will be determined, if these amounts may be determined by reference to an index based on a currency or currencies other than that in which the debt securities are denominated or designated to be payable or by reference to a commodity, commodity index, stock exchange index or financial index;
- any provisions relating to any security provided for the debt securities;
- any addition to or change in the events of default described in this prospectus or in the indenture with respect to the debt securities and any change in the acceleration provisions described in this prospectus or in the indenture with respect to the debt securities;
- any addition to, change in or deletion from, the covenants described in this prospectus or in the indenture with respect to the debt securities; and
- any other terms of the debt securities, which may modify, supplement or delete any provision of the indenture as it applies to that series.

In addition, the indenture does not limit our ability to issue subordinated debt securities. Any subordination provisions of a particular series of debt securities will be set forth in the officers' certificate or supplemental indenture related to that series of debt securities and will be described in the relevant prospectus supplement.

We may issue debt securities that provide for an amount less than their stated principal amount to be due and payable upon declaration of acceleration of their maturity pursuant to the terms of the indenture. We will provide you with information on the federal income tax considerations and other special considerations applicable to any of these debt securities in the applicable prospectus supplement.

If we denominate the purchase price of any of the debt securities in a foreign currency or currencies or a foreign currency unit or units, or if the principal of and any premium and interest on any series of debt securities is payable in a foreign currency or currencies or a foreign currency unit or units, we will provide you with information on the restrictions, elections, general tax considerations, specific terms and other information with respect to that issue of debt securities and such foreign currency or currencies or foreign currency unit or units in the applicable prospectus supplement.

Transfer and Exchange

Each debt security will be represented by either one or more global securities registered in the name of The Depository Trust Company, as depositary, or a nominee (we will refer to any debt security represented by a global debt security as a "book-entry debt security"), or a certificate issued in definitive registered form (we will refer to any debt security represented by a certificated security as a "certificated debt security") as set forth in the applicable prospectus supplement. Except as set forth under the heading "Global Debt Securities and Book-Entry System" below, book-entry debt securities will not be issuable in certificated form.

Certificated Debt Securities. You may transfer or exchange certificated debt securities at any office we maintain for this purpose in accordance with the terms of the indenture. No service charge will be made for any transfer or exchange of certificated debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange.

You may effect the transfer of certificated debt securities and the right to receive the principal of, premium and interest on certificated debt securities only by surrendering the certificate representing those

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certificated debt securities and either reissuance by us or the trustee of the certificate to the new holder or the issuance by us or the trustee of a new certificate to the new holder.

Global Debt Securities and Book-Entry System. Each global debt security representing book-entry debt securities will be deposited with, or on behalf of, the depository, and registered in the name of the depository or a nominee of the depository.

The depository has indicated it intends to follow the following procedures with respect to book-entry debt securities.

Ownership of beneficial interests in book-entry debt securities will be limited to persons that have accounts with the depository for the related global debt security, which we refer to as participants, or persons that may hold interests through participants. Upon the issuance of a global debt security, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal amounts of the book-entry debt securities represented by the global debt security beneficially owned by such participants. The accounts to be credited will be designated by any dealers, underwriters or agents participating in the distribution of the book-entry debt securities. Ownership of book-entry debt securities will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by the depository for the related global debt security (with respect to interests of participants) and on the records of participants (with respect to interests of persons holding through participants). The laws of some states may require that certain purchasers of securities take physical delivery of the securities in definitive form. These laws may impair the ability to own, transfer or pledge beneficial interests in book-entry debt securities.

So long as the depository for a global debt security, or its nominee, is the registered owner of that global debt security, the depository or its nominee, as the case may be, will be considered the sole owner or holder of the book-entry debt securities represented by the global debt security for all purposes under the indenture. Except as described below, beneficial owners of book-entry debt securities will not be entitled to have securities registered in their names, will not receive or be entitled to receive physical delivery of a certificate in definitive form representing securities and will not be considered the owners or holders of those securities under the indenture. Accordingly, each person beneficially owning book-entry debt securities must rely on the procedures of the depository for the related global debt security and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the indenture.

We understand, however, that under existing industry practice, the depository will authorize the persons on whose behalf it holds a global debt security to exercise certain rights of holders of debt securities, and the indenture provides that we, the trustee and our respective agents will treat as the holder of a debt security the persons specified in a written statement of the depository with respect to that global debt security for purposes of obtaining any consents or directions required to be given by holders of the debt securities pursuant to the indenture.

We will make payments of principal of, and premium and interest on, book-entry debt securities to the depository or its nominee, as the case may be, as the registered holder of the related global debt security. We, the trustee and any other agent of ours or agent of the trustee will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global debt security or for maintaining, supervising or reviewing any records relating to beneficial ownership interests.

We expect that the depository, upon receipt of any payment of principal of, premium or interest on a global debt security, will immediately credit participants' accounts with payments in amounts proportionate to the respective amounts of book-entry debt securities held by each participant as shown on the records of such depository. We also expect that payments by participants to owners of beneficial interests in book-entry debt securities held through those participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of those participants.

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We will issue certificated debt securities in exchange for each global debt security if the depository is at any time unwilling or unable to continue as depository or ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, or Exchange Act, and a successor depository registered as a clearing agency under the Exchange Act is not appointed by us within 90 days. In addition, we may at any time and in our sole discretion determine not to have the book-entry debt securities of any series represented by one or more global debt securities and, in that event, will issue certificated debt securities in exchange for the global debt securities of that series. Global debt securities will also be exchangeable by the holders for certificated debt securities if an event of default with respect to the book-entry debt securities represented by those global debt securities has occurred and is continuing. Any certificated debt securities issued in exchange for a global debt security will be registered in such name or names as the depository shall instruct the trustee. We expect that such instructions will be based upon directions received by the depository from participants with respect to ownership of book-entry debt securities relating to such global debt security.

We have obtained the foregoing information concerning the depository and the depository's book-entry system from sources we believe to be reliable, but we take no responsibility for the accuracy of this information.

Change of Control

Unless we state otherwise in the applicable prospectus supplement, the debt securities will not contain any provisions that may afford holders of the debt securities protection in the event we undergo a change in control or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control) that could adversely affect holders of debt securities.

Covenants

We will set forth in the applicable prospectus supplement any restrictive covenants applicable to any issue of debt securities.

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our properties and assets to, any person, which we refer to as a successor person, unless:

- we are the surviving corporation or the successor person (if other than Meritage Corporation) is a corporation organized and validly existing under the laws of any U.S. domestic jurisdiction and expressly assumes our obligations on the debt securities and under the indenture;
- immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have occurred and be continuing under the indenture; and
- certain other conditions that may be set forth in the applicable prospectus supplement are met.

Events of Default

Unless otherwise stated in the applicable prospectus supplement, event of default means, with respect to any series of debt securities, any of the following:

- default in the payment of any interest upon any debt security of that series when it becomes due and payable, and continuance of that default for a period of 30 days (unless the entire amount of the payment is deposited by us with the trustee or with a paying agent prior to the expiration of the 30-day period);
- default in the payment of principal of or premium on any debt security of that series when due and payable at maturity, upon redemption or otherwise;

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- an event of default as defined in the debt securities of that series or our failure to comply with any of our other agreements in the debt securities of that series or the indenture with respect to that series, which default continues uncured for a period of 60 days after we receive written notice from the trustee or we and the trustee receive written notice from the holders of not less than a majority in principal amount of the outstanding debt securities of that series as provided in the indenture;
- certain events of bankruptcy, insolvency or reorganization; and
- any other event of default provided with respect to debt securities of that series which is described in the applicable prospectus supplement accompanying this prospectus.

No event of default with respect to a particular series of debt securities (except as to certain events of bankruptcy, insolvency or reorganization) necessarily constitutes an event of default with respect to any other series of debt securities. The occurrence of an event of default may constitute an event of default under our bank credit agreements in existence from time to time. In addition, the occurrence of certain events of default or an acceleration under the indenture may constitute an event of default under certain of our other indebtedness outstanding from time to time.

If an event of default with respect to debt securities of any series at the time outstanding occurs and is continuing, then the trustee or the holders of not less than a majority in principal amount of the outstanding debt securities of that series may, by a notice in writing to us (and to the trustee if given by the holders), declare to be due and payable immediately the principal (or, if the debt securities of that series are discount securities, that portion of the principal amount as may be specified in the terms of that series) of and accrued and unpaid interest, if any, on all debt securities of that series. In the case of an event of default resulting from certain events of bankruptcy, insolvency or reorganization, the principal (or such specified amount) of and accrued and unpaid interest, if any, on all outstanding debt securities will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of outstanding debt securities. At any time after a declaration of acceleration with respect to debt securities of any series has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding debt securities of that series may rescind and annul the acceleration if all events of default, other than the non-payment of accelerated principal and interest, if any, with respect to debt securities of that series, have been cured or waived as provided in the indenture. We refer you to the prospectus supplement relating to any series of debt securities that are discount securities for the particular provisions relating to acceleration of a portion of the principal amount of such discount securities upon the occurrence of an event of default.

The indenture provides that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of outstanding debt securities, unless the trustee receives indemnity satisfactory to it against any loss, liability or expense. Subject to certain rights of the trustee, the holders of a majority in principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of that series.

Unless stated otherwise in the applicable prospectus supplement, no holder of any debt security of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or trustee, or for any remedy under the indenture, unless:

- that holder has previously given to the trustee written notice of a continuing event of default with respect to debt securities of that series; and
- the holders of at least 25% in principal amount of the outstanding debt securities of that series have made written request, and offered reasonable indemnity, to the trustee to institute the proceeding as trustee, and the trustee has not received from the holders of a majority in principal amount of the outstanding debt securities of that series a direction inconsistent with that request and has failed to institute the proceeding within 60 days.

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Notwithstanding the foregoing, the holder of any debt security will have an absolute and unconditional right to receive payment of the principal of, premium and any interest on that debt security on or after the due dates expressed in that debt security and to institute suit for the enforcement of payment.

The indenture requires us, within 90 days after the end of our fiscal year, to furnish to the trustee a statement as to compliance with the indenture. The indenture provides that the trustee may withhold notice to the holders of debt securities of any series of any default or event of default (except in payment on any debt securities of that series) with respect to debt securities of that series if it in good faith determines that withholding notice is in the interest of the holders of those debt securities.

Modification and Waiver

We may modify and amend the indenture without notice to or the consent of the holders:

- to establish additional series of securities permitted under the indenture;
- to cure any ambiguity, defect or inconsistency;
- to evidence the assumption of a successor corporation of our obligations under the indenture;
- to comply with any requirements of the SEC or the Trust Indenture Act;
- to provide for uncertificated securities in addition to or in place of certificated securities;
- to add, change or eliminate any other provisions of the indenture so long as that change does not apply to any then existing series of debt securities or modify the rights of the holder of any such security with respect to that provision; or
- make any change that does not adversely affect in any material respect the interests of the securityholders of any series.

We may modify and amend the indenture with the consent of the holders of at least a majority in principal amount of the outstanding debt securities of each series affected by the modifications or amendments. We may not make any modification or amendment without the consent of the holders of each affected debt security then outstanding if that amendment will:

- reduce the amount of debt securities whose holders must consent to an amendment or waiver;
- reduce the rate of or extend the time for payment of interest (including default interest) on any debt security;
- reduce the principal of or premium on or change the fixed maturity of any debt security or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation with respect to any series of debt securities;
- reduce the principal amount of discount securities payable upon acceleration of maturity;
- waive a default in the payment of the principal of, premium or interest on any debt security (except a rescission of acceleration of the debt securities of any series by the holders of at least a majority in aggregate principal amount of the then outstanding debt securities of that series and a waiver of the payment default that resulted from such acceleration);
- make the principal of or premium or interest on any debt security payable in currency other than that stated in the debt security;
- make any change to certain provisions of the indenture relating to, among other things, the right of holders of debt securities to receive payment of the principal of, premium and interest on those debt securities and to institute suit for the enforcement of any such payment and to waivers or amendments; or
- waive a redemption payment with respect to any debt security.

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Except for certain specified provisions, the holders of at least a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all debt securities of that series waive our compliance with provisions of the indenture. The holders of a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all the debt securities of such series waive any past default under the indenture with respect to that series and its consequences, except a default in the payment of the principal of, premium or any interest on any debt security of that series or in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each outstanding debt security of the series affected; provided, however, that the holders of a majority in principal amount of the outstanding debt securities of any series may rescind an acceleration and its consequences, including any related payment default that resulted from the acceleration.

Defeasance of Debt Securities and Certain Covenants in Certain Circumstances

Legal Defeasance. The indenture provides that, unless otherwise provided by the terms of the applicable series of debt securities, we may be discharged from any and all obligations in respect of the debt securities of any series (except for certain obligations to register the transfer or exchange of debt securities of such series, to replace stolen, lost or mutilated debt securities of such series, and to maintain paying agencies and certain provisions relating to the treatment of funds held by paying agents). We will be so discharged upon the deposit with the trustee, in trust, of money and/or U.S. government obligations or, in the case of debt securities denominated in a single currency other than U.S. dollars, foreign government obligations, that, through the payment of interest and principal in accordance with their terms, will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent public accountants to pay and discharge each installment of principal, premium and interest on and any mandatory sinking fund payments in respect of the debt securities of that series on the stated maturity of those payments in accordance with the terms of the indenture and those debt securities.

This discharge may occur only if, among other things, we have delivered to the trustee an opinion of counsel stating that we have received from, or there has been published by, the United States Internal Revenue Service a ruling or, since the date of execution of the indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the holders of the debt securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of the deposit, defeasance and discharge and will be subject to United States federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit, defeasance and discharge had not occurred.

Defeasance Of Certain Covenants. The indenture provides that, unless otherwise provided by the terms of the applicable series of debt securities, upon compliance with certain conditions:

- we may omit to comply with the covenant described under the heading “Consolidation, Merger and Sale of Assets” and certain other covenants set forth in the indenture, as well as any additional covenants which may be set forth in the applicable prospectus supplement; and
- any omission to comply with those covenants will not constitute a default or an event of default with respect to the debt securities of that series, or covenant defeasance.

The conditions include:

- depositing with the trustee money and/or U.S. government obligations or, in the case of debt securities denominated in a single currency other than U.S. dollars, foreign government obligations, that, through the payment of interest and principal in accordance with their terms, will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent public accountants to pay and discharge each installment of principal of, premium and interest on and any mandatory sinking fund payments in respect of the debt securities of that series on the stated maturity of those payments in accordance with the terms of the indenture and those debt securities; and

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- delivering to the trustee an opinion of counsel to the effect that the holders of the debt securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of the deposit and related covenant defeasance and will be subject to United States federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit and related covenant defeasance had not occurred.

Covenant Defeasance And Events Of Default. In the event we exercise our option to effect covenant defeasance with respect to any series of debt securities and the debt securities of that series are declared due and payable because of the occurrence of any event of default, the amount of money and/or U.S. government obligations or foreign government obligations on deposit with the trustee will be sufficient to pay amounts due on the debt securities of that series at the time of their stated maturity but may not be sufficient to pay amounts due on the debt securities of that series at the time of the acceleration resulting from the event of default. However, we shall remain liable for those payments.

Guarantees

Our payment obligations under any series of debt securities may be guaranteed by one or more of the co-registrants. The terms of any such guarantee will be set forth in the applicable prospectus supplement.

DESCRIPTION OF CAPITAL STOCK

Common Stock

We are authorized to issue up to 50,000,000 shares of common stock, \$0.01 par value per share, of which 11,411,480 shares were outstanding as of April 26, 2002 (of which 1,637,926 shares were held in treasury). These amounts reflect a 2-for-1 stock split in the form of a stock dividend which Meritage effected on April 26, 2002 to stockholders of record at the close of business on April 12, 2002.

All the outstanding shares of common stock are fully paid and nonassessable and entitled to participate equally and ratably in dividends and in distributions available for the common stock on liquidation. We do not intend to declare cash dividends in the foreseeable future. Earnings are expected to be retained to finance the continuing development of the business. Future cash dividends, if any, will depend upon our financial condition, results of operations, capital requirements, compliance with debt covenants of existing indebtedness and credit facilities, as well as other factors considered relevant by our board of directors. Each share is entitled to one vote for the election of directors and upon all other matters on which the common stockholders vote. Holders of common stock do not have preemptive rights and are not entitled to cumulative votes in the election of directors.

Preferred Stock

We are not currently authorized to issue preferred stock. We will need to obtain stockholder approval to authorize the issuance of preferred stock. We anticipate that the board of directors will have the authority to determine the terms of our preferred stock without further stockholder approval. The preferred stock, if authorized by our stockholders, will be issued in one or more series with the designations, rights, preferences and limitations determined by our board of directors, including the consideration to be received for the preferred stock, the number of shares comprising each series, dividend rates, redemption provisions, liquidation preferences, mandatory retirement provisions, conversion rights and voting rights.

If we issue preferred stock with voting rights, it could make it more difficult for a third party to acquire control of Meritage and could adversely affect the rights of holders of common stock. Preferred stockholders typically are entitled to satisfaction in full of specified dividend and liquidation rights before any payment of dividends or distribution of assets on liquidation can be made to holders of common stock. Also, any voting rights granted to our preferred stock may dilute the voting rights of our common stock. Under some circumstances, control of Meritage would shift from the holders of common stock to the holders of preferred stock with voting rights. Certain fundamental matters requiring stockholder approval

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(such as mergers, sale of assets and certain amendments to our articles of incorporation) may require approval by the separate vote of the holders of preferred stock in addition to any required vote of the common stock.

Transfer Agent

The transfer agent and registrar for our common stock is Mellon Investor Services, LLC.

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of common stock, preferred stock or debt securities. Warrants may be issued independently or together with our common stock, preferred stock or debt securities and may be attached to or separate from any offered 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 have any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants. A copy of the warrant agreement will be filed with the SEC in connection with any offering of warrants.

The prospectus supplement relating to a particular issue of warrants to purchase common stock, preferred stock or debt securities will describe the terms of those warrants, including the following:

- the title of the warrants;
- the offering price for the warrants, if any;
- the aggregate number of the warrants;
- the designation and terms of the common stock, preferred stock or debt securities that may be purchased upon exercise of the warrants;
- if applicable, the designation and terms of the securities that the warrants are issued with and the number of warrants issued with each security;
- if applicable, the date from and after which the warrants and any securities issued with them will be separately transferable;
- if applicable, the principal amount of debt securities that may be purchased upon exercise of a warrant and the price at which the debt securities may be purchased upon exercise;
- if applicable, the number of shares of common stock or preferred stock that may be purchased upon exercise of a warrant and the price at which the shares may be purchased upon exercise;
- the dates on which the right to exercise the warrants will commence and expire;
- if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;
- whether the warrants represented by the warrant certificates or debt securities that may be issued upon exercise of the warrants will be issued in registered or bearer form;
- information relating to book-entry procedures, if any;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- if applicable, a discussion of material United States federal income tax considerations;
- anti-dilution provisions of the warrants, if any;
- redemption or call provisions applicable to the warrants, if any;

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- any additional terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants; and
- any other information we think is important about the warrants.

LEGAL MATTERS

Snell & Wilmer L.L.P., our outside counsel, will issue an opinion regarding the validity of the offered securities. 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 accompanying prospectus supplement.

EXPERTS

The consolidated financial statements of Meritage as of December 31, 2001 and 2000, and for each of the years in the three-year period ended December 31, 2001, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the operations of the public reference rooms. **If you would like to request any documents, please do so five days before you make your investment decision.** Our common stock is listed on the New York Stock Exchange. Our reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information contained in the documents we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We 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 after the date of this prospectus and until we sell all the securities covered by this prospectus, other than portions of these documents that are either (i) described in paragraphs (i), (k) and (l) of Item 402 of Regulation S-K promulgated by the SEC or (ii) furnished under Item 9 of a Current Report on Form 8-K. We also specifically incorporate by reference the following documents, which we have already filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2001; and
- our definitive Proxy Statement dated April 2, 2002.

Any information contained in this prospectus or in any document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to have been modified or superseded to the extent that a statement contained in this prospectus, in any other document we subsequently file with the SEC that also is incorporated or deemed to be incorporated by reference in this prospectus or in the applicable prospectus supplement modifies or supersedes the original statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to be a part of this prospectus.

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We encourage you to read our periodic and current reports. We think these reports provide additional information about our company which prudent investors will find important. You may request a copy of these filings as well as any future filings incorporated by reference, at no cost, by calling us or by writing to us at our principal executive offices at the following address: Meritage Corporation, 6613 North Scottsdale Road, Suite 200, Scottsdale, Arizona 85250, Attention: Investor Relations. Our telephone number is (877) 400-7888.

PROSPECTUS

MERITAGE CORPORATION

Debt Securities

Common Stock

Preferred Stock

Warrants

Guarantees

PART II.

INFORMATION NOT REQUIRED IN PROSPECTUS

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

The following table sets forth the estimated expenses, other than underwriting discounts and other expenses associated with offerings of particular securities, in connection with the issuance and distribution of the securities being registered.

SEC registration fee	\$ 27,600
Legal fees	125,000
Accounting fees	5,000
Trustees' fees	5,000
Printing fees	7,500
Miscellaneous	8,000
Total	\$178,100

All amounts are estimated except for the SEC registration fee.

Item 15. *Indemnification of Directors and Officers.*

Under the provisions of the Maryland General Corporation Law, a corporation's articles may, with certain exceptions, include any provision expanding or limiting the liability of its directors and officers to the corporation or its stockholders for money damages, but may not include any provision that restricts or limits the liability of its directors or officers to the corporation or its stockholders to the extent that (i) it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received; or (ii) a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. Meritage's charter contains a provision limiting the personal liability of officers and directors to Meritage and its stockholders to the fullest extent permitted under Maryland law.

In addition, the provisions of the Maryland General Corporation Law permit a corporation to indemnify its present and former directors and officers, among others, against liability incurred, unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, or (ii) the director or officer actually received an improper personal benefit in money, property, or services, or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. Meritage's charter provides that it will indemnify its directors, officers and others so designated by the board of directors to the full extent allowed under Maryland law.

Insofar as indemnification for liability arising under the Securities Act may be permitted to directors, officers or persons controlling Meritage pursuant to the foregoing provisions, Meritage has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

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Item 16. Exhibits.

1.1*	Form of Underwriting Agreement relating to debt securities.
1.2*	Form of Underwriting Agreement relating to common stock.
1.3*	Form of Underwriting Agreement relating to preferred stock.
1.4*	Form of Underwriting Agreement relating to warrants.
3.1	Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 of Form 10-Q for the quarterly period ended September 30, 1998).
3.1.1	Restated Articles of Incorporation (incorporated by reference Exhibit 3.2 of Form 10-Q for the quarterly period ended September 30, 1998).
3.2	Amended and to Restated Bylaws (incorporated by reference to Exhibit 3.3 of Form S-3 #333-58793).
4.1	Form of Indenture, between Meritage Corporation and Wells Fargo Bank, National Association.
4.1.1*	Form of Debt Security.
4.2	Form of Specimen of Common Stock Certificate.
4.3*	Form of Certificate of Designation of Preferred Stock.
4.3.1*	Form of Certificate of Preferred Stock.
4.4*	Form of Warrant Agreement (including form of warrant certificate).
5.1	Opinion of Snell & Wilmer L.L.P. as to the legality of securities to be issued.
12.1	Statement re: Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends of Meritage Corporation.
23.1	Consent of Independent Auditors.
23.2	Consent of Snell & Wilmer L.L.P. (included in Exhibit 5.1).
24.1	Powers of Attorney (see signature page).
25.1	Statement of Eligibility under the Trust Indenture Act of 1939 on Form T-1 of Wells Fargo Bank, Minnesota, National Association.

* To be filed by amendment or incorporated by reference in the event of an offering of the specified securities.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

- (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 this 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 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in this registration statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

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provided, however, that the undertakings set forth in paragraphs (i) and (ii) above do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(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 herein, 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 any liability under the Securities Act of 1933, each filing of the registrant'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) or the Securities Act of 1934) that is incorporated by reference in this 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.

(5) That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

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

(7) 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 Act.

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 provisions described in this registration statement above, or otherwise, we 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 us of expenses incurred or paid by a director, officer or controlling person of us in the successful defense of any action, suit or proceeding) is asserted against us by such director, officer or controlling person in connection with the securities registered, we will, unless in the opinion of our 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Scottsdale, State of Arizona, on April 30, 2002.

MERITAGE CORPORATION

By: /s/ LARRY W. SEAY

Name: Larry W. Seay
Title: Chief Financial Officer and
Vice President-Finance

The following direct and indirect subsidiaries of the registrant may guarantee the Offered Debt Securities and are co-registrants under this registration statement.

Name of Co-Registrant

Monterey Homes Arizona, Inc.

Meritage Paseo Crossing, LLC(1)
Monterey Homes Construction, Inc.
Meritage Paseo Construction, LLC(2)
Meritage Homes of Arizona, Inc.
Meritage Homes Construction, Inc.
MTH-Texas GP, Inc.
MTH-Texas LP, Inc.
Legacy/ Monterey Homes L.P.(3)
Meritage Homes of Northern California, Inc.
Hancock-MTH Builders, Inc.
Hancock-MTH Communities, Inc.
Legacy Operating Company, L.P.(3)
Hulen Park Venture, LLC(4)
Meritage Holdings, L.L.C.(4)

-
- (1) Executed by Monterey Homes Arizona, Inc., as sole member
 - (2) Executed by Monterey Homes Construction, Inc., as sole member
 - (3) Executed by MTH-Texas GP, Inc., as general partner
 - (4) Executed by MTH-Texas GP, Inc., as general partner of Legacy/ Monterey Homes L.P., its sole member

as Guarantors

By: /s/ LARRY W. SEAY

Larry W. Seay
*Chief Financial Officer and
Vice President-Finance*

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven J. Hilton, John R. Landon and Larry W. Seay, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute or substitutes, 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.

	<u>Signature</u>	<u>Title</u>	<u>Date</u>
By:	<u>/s/ STEVEN J. HILTON</u> Steven J. Hilton	Co-Chairman, Co-Chief Executive Officer and Director	April 30, 2002
By:	<u>/s/ JOHN R. LANDON</u> John R. Landon	Co-Chairman, Co-Chief Executive Officer and Director	April 30, 2002
By:	<u>/s/ LARRY W. SEAY</u> Larry W. Seay	Chief Financial Officer and Vice President-Finance (Principal Financial Officer and Principal Accounting Officer)	April 30, 2002
By:	<u>/s/ RICHARD T. MORGAN</u> Richard T. Morgan	Vice President	April 30, 2002
By:	<u>/s/ WILLIAM W. CLEVERLY</u> William W. Cleverly	Director	April 30, 2002
By:	<u>/s/ ROBERT G. SARVER</u> Robert G. Sarver	Director	April 30, 2002
By:	<u>/s/ C. TIMOTHY WHITE</u> C. Timothy White	Director	April 30, 2002
By:	<u>/s/ RAYMOND OPPEL</u> Raymond Oppel	Director	April 30, 2002
By:	<u>/s/ PETER L. AX</u> Peter L. Ax	Director	April 30, 2002

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ON BEHALF OF THE FOLLOWING LISTED CO-REGISTRANTS:

Monterey Homes Arizona, Inc.

Monterey Homes Construction, Inc.

Meritage Homes Arizona, Inc.

Meritage Homes Construction, Inc.

Meritage Homes of Northern California, Inc.

Hancock-MTH Builders, Inc.

Hancock-MTH Communities, Inc.

MTH-Texas GP, Inc.

MTH-Texas LP, Inc.

	<u>Signature</u>	<u>Title</u>	<u>Date</u>
By:	<u>/s/ STEVEN J. HILTON</u> Steven J. Hilton	Co-Chairman, Co-Chief Executive Officer and Director (Principal Executive Officer)	April 30, 2002
By:	<u>/s/ JOHN R. LANDON</u> John R. Landon	Co-Chairman, Co-Chief Executive Officer and Director (Principal Executive Officer)	April 30, 2002
By:	<u>/s/ LARRY W. SEAY</u> Larry W. Seay	Chief Financial Officer and Vice President-Finance (Principal Financial Officer and Principal Accounting Officer)	April 30, 2002

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ON BEHALF OF THE FOLLOWING LIMITED PARTNERSHIP AND LIMITED LIABILITY COMPANY CO-REGISTRANTS:

	<u>Name of Co-Registrant</u>	<u>General Partner or Sole Member of Co-Registrant</u>	
	Meritage Paseo Crossing, LLC Meritage Paseo Construction, LLC Legacy/ Monterey Homes L.P. Legacy Operating Company, L.P. Hulen Park Venture, LLC Meritage Holdings, L.L.C	Monterey Homes Arizona, Inc. Monterey Homes Construction, Inc. MTH-Texas GP, Inc. MTH-Texas GP, Inc. Legacy/ Monterey Homes L.P. Legacy/ Monterey Homes L.P.	
	<u>Signature</u>	<u>Title</u>	<u>Date</u>
By:	<u>/s/ STEVEN J. HILTON</u> Steven J. Hilton	Co-Chairman, Co-Chief Executive Officer and Director of each: Monterey Homes Arizona, Inc., Monterey Homes Construction, Inc. and MTH-Texas GP, Inc.	April 30, 2002
By:	<u>/s/ JOHN R. LANDON</u> John R. Landon	Co-Chairman, Co-Chief Executive Officer and Director of each: Monterey Homes Arizona, Inc., Monterey Homes Construction, Inc. and MTH-Texas GP, Inc.	April 30, 2002
By:	<u>/s/ LARRY W. SEAY</u> Larry W. Seay	Chief Financial Officer and Vice President — Finance of each: Monterey Homes Arizona, Inc., Monterey Homes Construction, Inc. and MTH-Texas GP, Inc.	April 30, 2002

Exhibit Index

1.1*	Form of Underwriting Agreement relating to debt securities.
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* To be filed by amendment or incorporated by reference in the event of an offering of the specified securities.

MERITAGE CORPORATION

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION

AS TRUSTEE

GUARANTEED TO THE EXTENT SET FORTH THEREIN BY THE GUARANTORS NAMED HEREIN.

FORM OF
INDENTURE

DATED AS OF _____, 2002
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(c)		11.01*	

N.A. means not applicable.

* THIS CROSS-REFERENCE TABLE IS NOT PART OF THE INDENTURE.

INDENTURE dated as of _____, 2002 by and among Meritage Corporation, a Maryland corporation, (the "Company"), the guarantors listed on Schedule 1 hereto (herein called the "Guarantors") and Wells Fargo Bank, National Association as Trustee (the "Trustee").

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities"), as herein provided, up to such principal amount as may from time to time be authorized in or pursuant to one or more resolutions of the Board of Directors or by supplemental indenture.

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of each series of the Securities:

BY REFERENCE

SECTION 1.01 Certain Definitions.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that beneficial ownership of 10% or more of the Voting Securities of a Person shall be deemed to be a controlling interest in such Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Agent" means any Registrar, Paying Agent, authenticating agent or co-Registrar.

"Board of Directors" means, with respect to any Person, the board of directors of such Person (or, if such Person is a limited liability company, the board of managers of such Person) or similar governing body or any authorized committee thereof.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors or pursuant to authorization by the Board of Directors and to be in full force and effect on the date of such certification (and delivered to the Trustee, if appropriate).

"Business Day" means any day other than a Legal Holiday.

"Closing Date" means the date on which the Securities of a particular series were originally issued under this Indenture.

"Commission" means the Securities and Exchange Commission.

"Company" means the party named as such above until a successor replaces it pursuant to this Indenture and thereafter means the successor.

"Company Order" means a written order signed in the name of the Company by two Officers, one of whom must be the Company's principal executive officer, principal financial officer or principal accounting officer and delivered to the Trustee.

"Company Request" means a written request signed in the name of the Company by a Chairman of the Board, a Chief Executive Officer, a President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Corporate Trust Office" shall mean the corporate trust office of the Trustee, which shall initially be Wells Fargo Bank, National Association, 707 Wilshire Blvd., 17th Floor, Los Angeles, CA 90017.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depository" means, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, the person designated as Depository for such series by the Company, which Depository shall be a clearing agency registered under the Exchange Act; and if at any time there is more than one such person, "Depository" as used with respect to the Securities of any series shall mean the Depository with respect to the Securities of such series.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the Closing Date.

"Global Security" shall mean a Security issued to evidence all or a part of any series of Securities that is executed by the Company and authenticated and delivered by the Trustee to a Depository or pursuant to such Depository's instructions, all in accordance with this Indenture and pursuant to Section 2.01, which shall be registered as to principal and interest in the name of such Depository or its nominee.

"Guarantee" means the guarantee by any Guarantor of the obligations under this Indenture.

"Holder" or "Securityholder" means a Person in whose name a Security is registered in the register of Securities kept by the Registrar.

"Indenture" means this Indenture, as amended or supplemented from time to time.

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"Interest" when used with respect to an Original Issue Discount Security that by its terms bears interest only after maturity, means interest payable after maturity.

"maturity" when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at stated maturity or by declaration of acceleration, call for redemption or otherwise.

"Officer" means, with respect to any Person, a Chairman of the Board, a Chief Executive Officer, a President, the Chief Financial Officer, any Vice-President, the Treasurer, the Controller, the Secretary, any Assistant Treasurer or any Assistant Secretary of such Person.

"Officers' Certificate" means a certificate signed by two or more Officers, one of whom must be the principal executive officer, principal financial officer or principal accounting officer of the Company that meets the requirements of Section 11.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee that meets the requirements of Section 11.05 hereof. The counsel may be an employee of or counsel to the Company or the Trustee.

"Original Issue Discount Security" means any Security which provides that an amount less than its principal amount is due and payable upon acceleration after an Event of Default.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"principal" of a Security means the principal amount due on the stated maturity of the Security plus the premium, if any, on the Security.

"Securities" means the Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"stated maturity" when used with respect to any Security or any installment of interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of interest is due and payable.

"Subsidiary" means, with respect to any specified Person: (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such

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Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date on which this Indenture is qualified under the TIA provided, however, that in the event the TIA is amended after such date, "TIA" means, to the extent required by such amendment, the Trust Indenture Act, as amended.

"Trust Officer" when used with respect to the Trustee, means any officer with direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Trustee" means the party named as such above until a successor becomes such pursuant to this Indenture and thereafter means or includes each party who is then a trustee hereunder, and if at any time there is more than one

such party, "Trustee" as used with respect to the Securities of any series means the Trustee with respect to Securities of that series. If Trustees with respect to different series of Securities are trustees under this Indenture, nothing herein shall constitute the Trustees co-trustees of the same trust, and each Trustee shall be the trustee of a trust separate and apart from any trust administered by any other Trustee with respect to a different series of Securities.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America that is not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such depository receipt.

SECTION 1.02 Other Definitions.

Term ----	Defined in Section -----
<S>	<C>
"Bankruptcy Law".....	6.01
"Custodian".....	6.01
"Event of Default".....	6.01
"Legal Holiday".....	11.07
"Paying Agent".....	2.03
"Place of Payment".....	2.01
"redemption price".....	3.03
"Registrar".....	2.03

</TABLE>

SECTION 1.03 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

- "indenture securities" means the Securities.
- "indenture securityholder" means a Securityholder.
- "indenture to be qualified" means this Indenture.
- "indenture trustee" or "institutional trustee" means the Trustee.
- "obligor" on the Securities means the Company and any Guarantor and any successor obligor on the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

SECTION 1.04 Rules of Construction.

Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (iii) "or" is not exclusive;
- (iv) words in the singular include the plural, and in the plural include the singular;
- (v) provisions apply to successive events and transactions; and
- (vi) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE SECURITIES

SECTION 2.01 Unlimited in Amount, Issuable in Series, Form and Dating.

The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more series.

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There shall be established in or pursuant to a Board Resolution or an Officers' Certificate pursuant to authority granted under a Board Resolution or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(a) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(b) any limit upon the aggregate principal amount of Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to this Article 2);

(c) the price or prices (expressed as a percentage of the aggregate principal amount thereof) at which the Securities of the series will be issued;

(d) the date or dates on which the principal of the Securities of the series is payable;

(e) the rate or rates that may be fixed or variable at which the Securities of the series shall bear interest, if any, or the manner in which such rate or rates shall be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of Holders to whom interest is payable;

(f) the place or places where the principal of, premium, if any, and any interest, if any, on Securities of the series shall be payable or the method of such payment, if by wire transfer, mail or by other means, if other than as provided herein;

(g) the price or prices at which (if any), the period or periods within which (if any) and the terms and conditions upon which (if other than as provided herein) Securities of the series may be redeemed, in whole or in part, at the option, or as an obligation, of the Company;

(h) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series, in whole or in part, pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the price or prices at which and the period and periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid pursuant to such obligation;

(i) the dates, if any, on which, and the price or prices at which, the Securities of the series will be repurchased by the Company at the option of the Holders thereof and other detailed terms and provisions of such repurchase obligations;

(j) if other than denominations of \$1,000 and any multiple thereof, the denominations in which Securities of the series shall be issuable;

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(k) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02 hereof;

(l) any addition to, change in or deletion from the covenants set forth in Articles 4 or 5 that applies to Securities of the series;

(m) any addition to, changes in or deletion from the Events of Default with respect to the Securities of a particular series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 6.02 hereof;

(n) the Trustee for the series of Securities;

(o) the forms of the Securities of the series in bearer or fully registered form (and, if in fully registered form, whether the Securities will be issuable, in whole or in part, as Global Securities);

(p) the terms and conditions, if any, upon which such Global Security or Securities may be exchanged in whole or in part for other individual Securities, and the Depositary for such Global Security and Securities;

(q) the provisions, if any, relating to any security provided for the Securities of the series;

(r) any other terms of the series (which terms may modify, supplement or delete any provision of this Indenture with respect to such series; provided, however, that no such term may modify or delete any provision hereof if imposed by the TIA; and provided, further, that any modification or deletion of the rights, duties or immunities of the Trustee hereunder shall have been consented to in writing by the Trustee).

(s) the terms and conditions, if any, upon which the Securities of the series shall be exchanged for or converted into other securities of the Company or securities of another person;

(t) any depositories, interest rate calculation agents or other agents with respect to Securities of such series if other than those appointed herein;

(u) whether the Securities rank as senior Securities, senior subordinated Securities or subordinated Securities or any combination thereof and the terms of any such subordination;

(v) the form and terms of any guarantee of any Securities of the series.

All Securities of any series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution or Officers' Certificate or in any such indenture supplemental hereto.

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The principal of and any interest on the Securities shall be payable at the office or agency of the Company designated in the form of Security for the series (each such place herein called the "Place of Payment"); provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear in the register of Securities referred to in Section 2.03 hereof.

Each Security shall be in one of the forms approved from time to time by or pursuant to a Board Resolution or Officers' Certificate, or established in one or more indentures supplemental hereto. Prior to the delivery of a Security to the Trustee for authentication in any form approved by or pursuant to a Board Resolution or Officers' Certificate, the Company shall deliver to the Trustee the Board Resolution or Officers' Certificate by or pursuant to which such form of Security has been approved, which Board Resolution or Officers' Certificate shall have attached thereto a true and correct copy of the form of Security that has been approved by or pursuant thereto.

The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Security shall be dated the date of its authentication.

SECTION 2.02 Execution and Authentication.

One or more Officers shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall authenticate Securities for original issue upon receipt of a Company Order.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

SECTION 2.03 Registrar and Paying Agent.

The Company shall maintain an office or agency where Securities of a

particular series may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities of that series may be presented for payment (a "Paying Agent"). The Registrar for a particular series of Securities shall keep a register of the Securities of that series and of their registration of transfer and exchange. The Company may appoint one or more co-Registrars and one or more additional paying agents for each series of Securities. The term "Paying Agent" includes any additional paying agent. The Company may change any

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Paying Agent, Registrar or co-Registrar without prior notice to any Securityholder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture.

If the Company fails to maintain a Registrar or Paying Agent for any series of Securities, the Trustee shall act as such. The Company or any of its Affiliates may act as Paying Agent, Registrar or co-Registrar.

The Company hereby appoints the Trustee the initial Registrar and Paying Agent for each series of Securities unless another Registrar or Paying Agent, as the case may be, is appointed prior to the time Securities of that series are first issued.

SECTION 2.04 Paying Agent to Hold Money in Trust.

Whenever the Company has one or more Paying Agents it will, prior to each due date of the principal of or interest on, any Securities, deposit with a Paying Agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company shall require each Paying Agent other than the Trustee to agree in writing that such Paying Agent will hold in trust for the benefit of the Securityholders of the particular series for which it is acting, or the Trustee, all money held by the Paying Agent for the payment of principal or interest on the Securities of such series, and that such Paying Agent will notify the Trustee of any Default by the Company or any other obligor of the series of Securities in making any such payment and at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent. If the Company or an Affiliate acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Securityholders of the particular series for which it is acting all money held by it as Paying Agent. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon so doing, the Paying Agent (if other than the Company or an Affiliate of the Company) shall have no further liability for such money. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Securities.

SECTION 2.05 Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders, separately by series, and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders, separately by series, relating to such interest payment date or request, as the case may be.

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SECTION 2.06 Transfer and Exchange.

Where Securities of a series are presented to the Registrar or a co-Registrar with a request to register a transfer or to exchange them for an equal principal amount of Securities of the same series of other authorized denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Company shall issue and the Trustee shall authenticate Securities at the Registrar's request.

No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.09, 2.13, 3.06 or 9.04).

The Company need not issue, and the Registrar or co-Registrar need not register the transfer or exchange of, (i) any Security of a particular series during a period beginning at the opening of business 15 days before the day of any selection of Securities of that series for redemption under Section

3.02 and ending at the close of business on the day of selection, or (ii) any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security of that series being redeemed in part.

SECTION 2.07 Replacement Securities.

If a mutilated Security is surrendered to the Trustee or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security of same series if the Company's and the Trustee's requirements are met. The Trustee or the Company may require an indemnity bond to be furnished which is sufficient in the judgment of both to protect the Company, the Trustee, and any Agent from any loss which any of them may suffer if a Security is replaced. The Company or the Trustee may charge such Holder for its expenses in replacing a Security.

Every replacement Security is an obligation of the Company and shall be entitled to all the benefit of the Indenture equally and proportionately with any and all other Securities of the same series.

SECTION 2.08 Outstanding Securities.

The Securities of any series outstanding at any time are all the Securities of that series authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a protected purchaser.

If Securities are considered paid under Section 4.01, they cease to be outstanding and interest on them ceases to accrue.

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Except as set forth in Section 2.09 hereof, a Security does not cease to be outstanding because the Company or an Affiliate holds the Security.

For each series of Original Issue Discount Securities, the principal amount of such Securities that shall be deemed to be outstanding and used to determine whether the necessary Holders have given any request, demand, authorization, direction, notice, consent or waiver shall be the principal amount of such Securities that could be declared to be due and payable upon acceleration upon an Event of Default as of the date of such determination. When requested by the Trustee, the Company shall advise the Trustee of such amount, showing its computations in reasonable detail.

SECTION 2.09 Temporary Securities.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities upon a Company Order. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities in exchange for temporary Securities.

Holders of temporary Securities shall be entitled to all of the benefits of this Indenture.

SECTION 2.10 Cancellation.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return such canceled Securities to the Company at the Company's written request. The Company may not issue new Securities to replace Securities that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.11 Defaulted Interest.

If the Company fails to make a payment of interest on any series of Securities, the Company shall pay such defaulted interest plus (to the extent lawful) any interest payable on the defaulted interest, in any lawful manner. It may elect to pay such defaulted interest, plus any such interest payable on it, to the Persons who are Holders of such Securities on which the interest is due on a subsequent special record date. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each such Security and the date of the proposed payment. The Company shall fix or cause to be fixed any such record date and payment date for such payment; provided, however, that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before

any such record date, the Company shall mail to Securityholders affected thereby a notice that states the record date, payment date, and amount of such interest to be paid.

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SECTION 2.12 Special Record Dates.

(a) The Company may, but shall not be obligated to, set a record date for the purpose of determining the identity of Holders entitled to consent to any supplement, amendment or waiver permitted by this Indenture. If a record date is fixed, the Holders of Securities of that series outstanding on such record date, and no other Holders, shall be entitled to consent to such supplement, amendment or waiver or revoke any consent previously given, whether or not such Holders remain Holders after such record date. No consent shall be valid or effective for more than 90 days after such record date unless consents from Holders of the principal amount of Securities of that series required hereunder for such amendment or waiver to be effective shall have also been given and not revoked within such 90-day period.

(b) The Company may, but shall not be obligated to, fix any day as a record date for the purpose of determining the Holders of any series of Securities entitled to join in the giving or making of any notice of Default, any declaration of acceleration, any request to institute proceedings or any other similar direction. If a record date is fixed, the Holders of Securities of that series outstanding on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided, however, that no such action shall be effective hereunder unless taken on or prior to the date 90 days after such record date.

SECTION 2.13 Global Securities.

(a) Terms of Securities. A Board Resolution, a supplemental indenture hereto or an Officers' Certificate shall establish whether the Securities of a series shall be issued in whole or in part in the form of one or more Global Securities and the Depositary for such Global Security or Securities.

(b) Transfer and Exchange. Notwithstanding any provisions to the contrary contained in Section 2.06 of this Indenture and in addition thereto, any Global Security shall be exchangeable pursuant to Section 2.06 of this Indenture for securities registered in the names of Holders other than the Depositary for such Security or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a clearing agency registered under the Exchange Act, and, in either case, the Company fails to appoint a successor Depositary within 90 days of such event or (ii) the Company executes and delivers to the Trustee an Officers' Certificate to the effect that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as the Depositary shall direct in writing in an aggregate principal amount equal to the principal amount of the Global Security with like tenor and terms.

Except as provided in this paragraph (b) of this Section, a Global Security may not be transferred except as a whole by the Depositary with respect to such Global Security to a nominee of such Depositary, by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such a successor Depositary.

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(c) Legend. Any Global Security issued hereunder shall bear a legend in substantially the following form:

"Unless this certificate is presented by an authorized representative of The Depositary Trust Company, a New York corporation ("DTC"), New York, New York, to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as may be requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein."

"Transfer of this Global Security shall be limited to transfers in whole, but not in part, to nominees of DTC or to a successor thereof or such successor's nominee and limited to transfers made in accordance with the restrictions set forth in the Indenture referred to herein."

(d) Acts of Holders. The Depositary, as a Holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under this Indenture.

(e) Payments. Notwithstanding the other provisions of this Indenture, unless otherwise specified as contemplated by Section 2.01 hereof, payment of the principal of and interest, if any, on any Global Security shall be made to the Person specified therein.

(f) Consents, Declaration and Directions. Except as provided in paragraph (e) of this Section, the Company, the Trustee and any Agent shall treat a Person as the Holder of such principal amount of outstanding Securities of such series represented by a Global Security as shall be specified in a written statement of the Depositary with respect to such Global Security, for purposes of obtaining any consents, declarations or directions required to be given by the Holders pursuant to this Indenture.

SECTION 2.14 CUSIP Numbers.

The Company in issuing any series of Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on such Securities or as contained in any notice and that reliance may be placed only on the other identification numbers printed on such Securities, and any such action relating to such notice shall not be affected by any defect in or

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omission of such numbers in such notice. The Company shall promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE 3 REDEMPTION

SECTION 3.01 Notices to Trustee.

If the Company elects to redeem Securities of any series pursuant to any optional redemption provisions thereof, it shall furnish to the Trustee at least 30 days, but not more than 60 days before a redemption date, an Officer's Certificate which shall specify (i) the provisions of such Security or this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Securities of that series to be redeemed and (iv) the redemption price.

If the Company elects to reduce the principal amount of Securities of any series to be redeemed pursuant to mandatory redemption provisions thereof, it shall notify the Trustee of the amount of, and the basis for, any such reduction. If the Company elects to credit against any such mandatory redemption Securities it has not previously delivered to the Trustee for cancellation, it shall deliver such Securities with such notice.

SECTION 3.02 Selection of Securities to be Redeemed.

If less than all the Securities of any series are to be redeemed, or purchased in an offer to purchase at any time, the Trustee shall select the Securities of that series to be redeemed or purchased as follows: (1) if the Securities of such series are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Securities of that series are listed, or, (2) if the Securities of that series are not listed on a national securities exchange, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate. In the event of a partial redemption or purchase by lot, the particular Securities to be redeemed or purchased will be selected not less than 30 nor more than 60 days prior to the redemption or purchase date by the Trustee from Securities of that series outstanding and not previously called for redemption.

The Trustee shall notify the Company promptly in writing of the Securities or portions of Securities to be called for redemption or purchase and, in the case of any Securities selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Except as otherwise provided as to any particular series of Securities, Securities and portions thereof that the Trustee selects shall be in amounts equal to the minimum authorized denomination for Securities of the series to be redeemed or purchased or any integral multiple thereof, except that if all of the Securities of the series are to be redeemed or purchased, the entire outstanding amount of the Securities of the series held by such Holder, even if not equal to the minimum authorized denomination for the Securities of that series, shall be redeemed or purchased. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 3.03 Notice of Redemption.

Except as otherwise provided as to any particular series of Securities, at least 30 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption to each Holder whose Securities are to be redeemed.

The notice shall identify the Securities of the series to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price fixed in accordance with the terms of the Securities of the series to be redeemed, plus accrued interest, if any, to the date fixed for redemption (the "redemption price");

(3) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Securities;

(4) the name and address of the Paying Agent;

(5) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Company defaults in payment of the redemption price, interest on Securities called for redemption ceases to accrue on and after the redemption date;

(7) the CUSIP number, if any, of the Securities to be redeemed;

(8) the paragraph of the Securities and/or the section of the Indenture pursuant to which the Securities called for redemption are being redeemed; and

(9) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense, provided, however, that the Company shall have delivered to the Trustee, at least 6 Business Days prior to the date on which notice is to be given, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph. The notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice of the Holder of any Security shall not affect the validity of the proceeding for the redemption of any other Security.

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SECTION 3.04 Effect of Notice of Redemption.

Subject to the subordination provisions of any series of Securities, once notice of redemption is mailed in accordance with Section 3.03 hereof, Securities called for redemption become due and payable on the redemption date for the redemption price. Upon surrender to the Paying Agent, such Securities will be paid at the Redemption Price.

SECTION 3.05 Deposit of Redemption Price.

On or before 10:00 a.m., New York City time, on the redemption or purchase date, the Company shall deposit with the Trustee or Paying Agent (or, if the Company or any Affiliate is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption or purchase price of all Securities called for redemption on that date other than Securities that have previously been delivered by the Company to the Trustee for cancellation. The Paying Agent shall return to the Company any money not required for that purpose.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest shall cease to accrue on the Securities (or the portions thereof) called for redemption or purchase. If a Security is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Securities were registered at the close of business on such record date. If any Securities called for redemption or purchase shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding

paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in accordance with the terms of the Securities of the series to be redeemed.

SECTION 3.06 Securities Redeemed or Purchased in Part.

Upon surrender of a Security that is redeemed or purchased in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Security of same series equal in principal amount to the unredeemed or unpurchased portion of the Security surrendered.

ARTICLE 4 COVENANTS

SECTION 4.01 Payment of Securities.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Securities on the dates and in the manner provided in this Indenture and the Securities. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or an Affiliate, holds as of 10:00 a.m., New York City time, on that date immediately available funds designated for and sufficient to pay all principal, premium, if any, and interest then due.

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To the extent lawful, the Company shall pay interest on overdue principal and overdue installments of interest at the rate per annum borne by the applicable series of Securities.

SECTION 4.02 Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee or Registrar) where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Division Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Division Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

SECTION 4.03 Reports.

The Company shall deliver to the Trustee within 15 days after it files them with the Commission copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act; provided, however, the Company shall not be required to deliver to the Trustee any materials for which the Company has sought and received confidential treatment by the Commission. The Company also shall comply with the other provisions of TIA Section 314(a).

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.04 Compliance Certificate.

(a) The Company or any Guarantors shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Company, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal

year has been made under the supervision of the signing Officers (one of whom shall be the principal executive officer, principal financial officer or principal accounting officer of the Company) with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Securities is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee, forthwith upon becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

SECTION 4.05 Taxes.

The Company shall pay prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of any Securities.

SECTION 4.06 Stay, Extension and Usury Laws.

The Company and any Guarantors covenant (to the extent that it may lawfully do so) that they shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each Guarantor (to the extent that they may lawfully do so) hereby expressly waive all benefits or advantages of any such law, and covenant that they shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee,

but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07 Calculation of Original Issue Discount.

If, as of the end of any fiscal year of the Company, the Company has any outstanding Original Issue Discount Securities under the Indenture, the Company shall file with the Trustee promptly following the end of such fiscal year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on such Original Issue Discount Securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be required under the Internal Revenue Code of 1986, as amended from time to time.

ARTICLE 5 SUCCESSORS

SECTION 5.01 When Company May Merge, Etc.

In addition to provisions applicable to a particular series of Securities, the Company shall not directly or indirectly: (i) consolidate or merge with or into another Person (whether or not the Company is the surviving Person), or (ii) sell, lease, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries in one or more related transactions to any Person unless:

(1) either (x) the Company is the surviving Person; or (y) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, lease, assignment, transfer, conveyance or other disposition shall have been made is a Person organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, lease, assignment, transfer, conveyance or other disposition shall have been made assumes (by supplemental indenture reasonably satisfactory to the Trustee) all the obligations of the Company under the Securities and this Indenture; and

(3) immediately after the transaction no Default or Event of Default exists.

The Company shall deliver to the Trustee on or prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture.

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SECTION 5.02 Successor Person Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, conveyance or other disposition (other than by lease) of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor Person formed by such consolidation or into which the Company is merged or to which such sale, assignment, transfer, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the Company), and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; provided, however, that the predecessor Company shall not be relieved from the obligation to pay principal of, and interest on, any Securities except in the case of a sale, assignment, transfer, conveyance or other disposition of all of the Company's assets that meets the requirements of Section 5.01 hereof.

ARTICLE 6
DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default.

An "Event of Default" occurs with respect to Securities of any particular series if, unless as otherwise provided in the establishing Board Resolution, Officers' Certificate or supplemental indenture hereto:

(1) the Company defaults in the payment of interest on any Security of that series when the same becomes due and payable and the Default continues for a period of 30 days;

(2) the Company defaults in the payment, when due, of the principal of, or premium, if any, on any Security of that series when the same becomes due and payable at maturity, upon redemption (including in connection with any offer to purchase under the terms of such Securities) or otherwise;

(3) an Event of Default, as defined in the Securities of that series, occurs and is continuing, or the Company fails to comply with any of its other agreements in the Securities of that series or in this Indenture with respect to that series and the Default continues for the period and after the notice specified below;

(4) the Company pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

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(C) consents to the appointment of a Custodian of it or for all or substantially all of its property;

(D) makes a general assignment for the benefit of its creditors; or

(E) admits in writing its inability generally to pay its debts as the same become due.

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case;

(B) appoints a Custodian of the Company or for all or substantially all of its property; or

(C) orders the liquidation of the Company; and the order or decree remains unstayed and in effect for 60 days.

(6) any other Event of Default provided with respect to

Securities of that series which is specified in a Board Resolution, Officers' Certificate or supplemental indenture establishing that series of Securities.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (3) above is not an Event of Default with respect to a particular series of Securities until the Trustee or the Holders of at least 50% in principal amount of the then outstanding Securities of that series notify the Company of the Default and the Company does not cure the Default within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." Such notice shall be given by the Trustee if so requested in writing by the Holders of 50% of the principal amount of the then outstanding Securities of that series.

SECTION 6.02 Acceleration.

If an Event of Default with respect to Securities of any series (other than an Event of Default specified in clauses (4) and (5) of Section 6.01) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 50% in principal amount of the then outstanding Securities of that series by notice to the Company and the Trustee, may, subject to any prior notice requirements set forth in any supplemental indenture, declare the unpaid principal (or, in the case of Original Issue Discount Securities, such lesser amount as may be provided for in such Securities) of and any accrued interest on all the Securities of that series to be due and payable on the Securities of that series. Upon such declaration the principal (or such lesser amount) and interest shall be due and payable immediately. If an Event of Default

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specified in clause (4) or (5) of Section 6.01 occurs, all of such amount shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in principal amount of the then outstanding Securities of that series by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default with respect to that series have been cured or waived except nonpayment of principal (or such lesser amount) or interest that has become due solely because of the acceleration.

SECTION 6.03 Other Remedies.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal or interest on the Securities of that series or to enforce the performance of any provision of the Securities of that series or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04 Waiver of Past Defaults.

Subject to Section 6.02, the Holders of not less than a majority in aggregate principal amount of the then outstanding Securities of any series, by notice to the Trustee, may on behalf of the Holders of the Securities of that series, waive an existing Default or Event of Default with respect to that series and its consequences except a continuing Default or Event of Default in the payment of the principal (including any mandatory sinking fund or like payment) of, premium, if any, or interest on any Security of that series (including in connection with an offer to purchase); provided, however, that the Holders of a majority in aggregate principal amount of the outstanding Securities of any series may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration and its consequences. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05 Control by Majority.

The Holders of a majority in principal amount of the then outstanding Securities of any series may direct the time, method and place of conducting any proceeding for exercising any remedy with respect to that series available to the Trustee or exercising any trust or power conferred on it.

However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Holders of Securities of that series, or that may involve the Trustee in personal liability. The Trustee may take any other action which it deems proper that is not inconsistent with any such direction. Notwithstanding any provision to the contrary in this Indenture, the Trustee shall not

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be obligated to take any action with respect to the provisions of the Section 6.02 unless directed to do so pursuant to this Section 6.05.

SECTION 6.06 Limitation on Suits.

A Holder of Securities of any series may not pursue a remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default with respect to that series;

(2) the Holders of at least 25% in principal amount of the then outstanding Securities of that series make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer, and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(5) during such 60-day period the Holders of a majority in principal amount of the then outstanding Securities of that series do not give the Trustee a direction inconsistent with the request.

No Holder of any series of Securities may use this Indenture to prejudice the rights of another Holder of Securities of that series or to obtain a preference or priority over another Holder of Securities of that series.

SECTION 6.07 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of principal, premium, if any, and interest on the Security, on or after the respective due dates expressed in the Security (including in connection with any offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not, except as provided in the subordination provisions, if any, applicable to such Security, be impaired or affected without the consent of the Holder.

SECTION 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing with respect to Securities of any series, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal (or such portion of the principal as may be specified as due upon acceleration at that time in the terms of that series of Securities), premium, if any, and interest, remaining unpaid on the Securities of that series then outstanding, together with (to the extent lawful) interest on overdue principal and interest, and such further amount as shall be sufficient to cover the costs and, to the

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extent lawful, expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.07 hereof.

SECTION 6.09 Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due to the Trustee under Section 7.07 hereof) and the Securityholders allowed in any judicial proceedings relative to the Company (or any other obligor on the Securities), its creditors or its property and shall be entitled to and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims, and any custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee under Section 7.07 hereof. Nothing contained herein shall be deemed to authorize the

Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

SECTION 6.10 Priorities.

If the Trustee collects any money with respect to Securities of any series pursuant to this Article, it shall pay out the money in the following order:

- First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;
- Second: in accordance with the subordination provisions, if any, of the Securities of such series;
- Third: to Securityholders for amounts due and unpaid on the Securities of such series for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities of such series for principal, premium, if any, and interest, respectively; and
- Fourth: to the Company or to such party as a court of competent jurisdiction shall direct.

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The Trustee may fix a record date and payment date for any payment to Holders of Securities of any series pursuant to this Section. The Trustee shall notify the Company in writing reasonably in advance of any such record date and payment date.

SECTION 6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defense made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof or a suit by Holders of more than 10% in principal amount of the then outstanding Securities of any series.

ARTICLE 7 TRUSTEE

SECTION 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default known to the Trustee:

- (i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture or the TIA and the Trustee need perform only those duties that are specifically set forth in this Indenture or the TIA and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
- (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any certificates or opinions which by any provision hereof are specifically required to be

furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

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(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

- (i) this paragraph does not limit the effect of paragraph (b) of this Section;
- (ii) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and
- (iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power, including without limitation, the provisions of Section 6.05 hereof, unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Absent written instruction from the Company, the Trustee shall not be required to invest any such money. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02 Rights of Trustee.

Subject to TIA Section 315(a) through (d):

(a) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel, or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

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(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers under the Indenture, unless the Trustee's conduct constitutes negligence.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee may consult with counsel of its selection and may rely upon the advice of such counsel or any Opinion of Counsel.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event that is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities generally or the Securities of a particular series, as the case may be, and this Indenture.

(h) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as duties.

SECTION 7.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to TIA Sections 310(b) and 311.

SECTION 7.04 Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

SECTION 7.05 Notice of Defaults.

If a Default or Event of Default with respect to the Securities of any series occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to all Holders of Securities of that series a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment on any such Security, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of such Securityholders.

SECTION 7.06 Reports by Trustee to Holders.

Within 60 days after May 15 in each year, the Trustee with respect to any series of Securities shall mail to Holders of Securities of that series as provided in TIA Section 313(c) a

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brief report dated as of such May 15 that complies with TIA Section 313(a) (if such report is required by TIA Section 313(a)). The Trustee shall also comply with TIA Section 313(b) (2).

A copy of each report at the time of its mailing to Securityholders shall be mailed to the Company and filed with the Commission and each stock exchange on which any of the Securities are listed, as required by TIA Section 313(d). The Company shall notify the Trustee when the Securities are listed on any stock exchange, and of any delisting thereof.

SECTION 7.07 Compensation and Indemnity.

The Company shall pay to the Trustee from time to time such compensation as shall be agreed upon in writing for its services hereunder. The Company shall reimburse the Trustee upon written request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and out-of-pocket expenses of the Trustee's agents and counsel.

The Company shall indemnify each of the Trustee or any predecessor Trustee for any loss, liability, damage, claims or expenses, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred by it, without negligence or bad faith on its part, in connection with the acceptance or administration of this Indenture and its duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee in its capacity as Trustee, except money or property held in trust to pay principal and interest on particular Securities. Such lien will survive the satisfaction and discharge of this Indenture. If the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(4) or (5) hereof occurs, the expenses and the compensation for the services will be intended to constitute expenses of administration under any applicable Bankruptcy Law.

This Section 7.07 shall survive the resignation or renewal of the Trustee and the termination of this Indenture.

SECTION 7.08 Replacement of Trustee.

A resignation or removal of the Trustee with respect to one or more

or all series of Securities and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign with respect to one or more or all series of Securities by so notifying the Company in writing. The Holders of a majority in principal amount of the then outstanding Securities of any series may remove the Trustee as to that series by so notifying the Trustee in writing and may appoint a successor Trustee with the Company's consent. The Company may remove the Trustee with respect to one or more or all series of Securities if:

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- (1) the Trustee fails to comply with Section 7.10 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a receiver or other public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

If, as to any series of Securities, the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee for that series. Within one year after the successor Trustee with respect to any series takes office, the Holders of a majority in principal amount of the then outstanding Securities of that series may appoint a successor Trustee to replace the successor Trustee appointed by the Company. If a successor Trustee as to a particular series does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the then outstanding Securities of that series may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10 hereof with respect to any series, any Holder of Securities of that series who satisfies the requirements of TIA Section 310(b) may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee for that series.

A successor Trustee as to any series of Securities shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee (subject to the lien provided for in Section 7.07 hereof), the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture as to that series. The successor Trustee shall mail a notice of its succession to the Holders of Securities of that series.

Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring trustee.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and that (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) shall contain such provisions as shall be necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary or desirable to provide for or facilitate the administration of the

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trusts hereunder by more than one Trustee; provided, however, that nothing herein or in such supplemental Indenture shall constitute such Trustee co-trustees of the same trust and that each such Trustee shall be trustee of a trust hereunder separate and apart from any trust hereunder administered by any other such Trustee.

Upon the execution and delivery of such supplemental Indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or

those series to which the appointment of such successor Trustee relates.

SECTION 7.09 Successor Trustee by Merger, Etc.

If the Trustee as to any series of Securities consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee as to that series.

SECTION 7.10 Eligibility; Disqualification.

Each series of Securities shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee as to any series of Securities shall always have a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition. The Trustee is subject to TIA Section 310(b).

SECTION 7.11 Preferential Collection of Claims Against Company.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8 SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 8.01 Satisfaction and Discharge.

This Indenture will be discharged and will cease to be of further effect with respect to any series of Securities issued hereunder, when:

(1) either:

(a) all Securities of such series that have been authenticated (except lost, stolen or destroyed Securities that have been replaced or paid and Securities for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(b) all Securities of such series that have not been delivered to the Trustee for cancellation have become due and payable by

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reason of the making of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Securities not delivered to the Trustee for cancellation for principal, premium and accrued interest to the date of maturity or redemption:

(2) no Default or Event of Default with respect to such series of Securities shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Company or any Guarantor is a party to or by which the Company or any Guarantor is bound;

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture with respect to such series of Securities; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Securities of such series at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding, the satisfaction and discharge of this Indenture with respect to a series of Securities, if money shall have been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section, the provisions of Section 8.06 shall survive.

SECTION 8.02 Option to Effect Legal Defeasance or Covenant Defeasance.

Unless Section 8.03 or 8.04 is otherwise specified to be inapplicable to Securities of a series, the Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.03 or 8.04 hereof be applied to all outstanding Securities of any such series upon compliance with the conditions set forth below in this Article Eight.

SECTION 8.03 Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.02 hereof of the option applicable to this Section 8.03, the Company and any Guarantor shall, subject to the satisfaction of the conditions set forth in Section 8.05 hereof, be deemed to have been discharged from their respective obligations with respect to all outstanding Securities of any series on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company and any Guarantor shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Securities of a series, which

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shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.06 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Securities and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Securities to receive solely from the trust fund described in Section 8.05 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium and interest on such Securities when such payments are due, (b) the Company's obligations with respect to such Securities under Article 2 and Section 4.03 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's or any Guarantors' obligations in connection therewith and (d) this Article Eight. Subject to compliance with this Article Eight, the Company may exercise its option under this Section 8.03 notwithstanding the prior exercise of its option under Section 8.04 hereof.

SECTION 8.04 Covenant Defeasance.

Upon the Company's exercise under Section 8.02 hereof of the option applicable to this Section 8.04, the Company or any Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.05 hereof, be released from their respective obligations under the covenants contained in Sections 4.03, 4.04, 4.05, 4.06, 4.07 and 4.08, and Section 5.01 hereof with respect to the outstanding Securities of any series on and after the date the conditions set forth in Section 8.05 are satisfied (hereinafter, "Covenant Defeasance"), and the Securities of such series shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Securities of any series, the Company or any Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.02 hereof of the option applicable to this Section 8.04 hereof, subject to the satisfaction of the conditions set forth in Section 8.05 hereof, Sections 6.01(3) through 6.01(6) hereof shall not constitute Events of Default.

SECTION 8.05 Conditions to Legal or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.03 or 8.04 hereof to the outstanding Securities of any series. In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in United States dollars, non-callable U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a

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nationally recognized firm of independent public accountants, to pay the principal of, premium and interest on the outstanding Securities on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(b) in the case of an election under Section 8.03 hereof, the

Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date hereof, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.04 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which will be used to defease the Securities pursuant to this Article Eight concurrently with such incurrence) or insofar as Sections 6.01(4) or 6.01(5) hereof is concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company; and

(g) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.06 Deposited Money and Government Securities to be Held in Trust;
Other Miscellaneous Provisions.

Subject to Section 8.07 hereof, all money and non-callable U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying

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trustee, collectively for purposes of this Section 8.06, the "Trustee") pursuant to Section 8.01 or Section 8.05 hereof in respect of the outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.05 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article Eight to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable U.S. Government Obligations held by it as provided in Section 8.05 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.05(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.07 Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Securities and remaining unclaimed for two years after

such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Securities shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.08 Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable U.S. Government Securities in accordance with Section 8.01, 8.03 or 8.04 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.03 or 8.04 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.03 or 8.04 hereof, as the case

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may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Securities following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9 SUPPLEMENTS, AMENDMENTS AND WAIVERS

SECTION 9.01 Without Consent of Holders.

The Company and the Trustee as to any series of Securities may supplement or amend this Indenture or the Securities without notice to or the consent of any Securityholder:

(1) to cure any ambiguity, defect or inconsistency;

(2) to comply with Article 5;

(3) to comply with any requirements of the Commission in connection with the qualification of this Indenture under the TIA;

(4) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities; provided, however, that any such addition, change or elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no outstanding Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision;

(6) to make any change that does not adversely affect in any material respect the interests of the Securityholders of any series; or

(7) to establish additional series of Securities as permitted by Section 2.01 hereof.

SECTION 9.02 With Consent of Holders.

Subject to Section 6.07, the Company and the Trustee as to any series of Securities may amend this Indenture or the Securities of that series with the written consent of the Holders of a majority in principal amount of the then outstanding Securities of each series affected by the amendment, with each such series voting as a separate class. The Holders of a majority in principal amount of the then outstanding Securities of any series may also waive compliance in a particular instance by the Company with any provision of this Indenture with respect to that series or the Securities of that series; provided, however, that without the consent of each Securityholder affected, an amendment or waiver may not:

(1) reduce the percentage of the principal amount of Securities whose Holders must consent to an amendment or waiver;

(2) reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous provision;

(3) reduce the rate of, or change the time for payment of interest on, any Security;

(4) reduce the principal of or change the fixed maturity of any Security or waive a redemption payment or alter the redemption provisions with respect thereto;

(5) make any Security payable in money other than that stated in the Security (including defaulted interest);

(6) reduce the principal amount of Original Issue Discount Securities payable upon acceleration of the maturity thereof;

(7) make any change in Section 6.04, 6.07 or this Section 9.02; or

(8) waive a default in the payment of the principal of, or interest on, any Security, except to the extent otherwise provided for in Section 6.02 hereof.

An amendment or waiver under this Section that waives, changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

The Company shall mail supplemental indentures to Holders upon request. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

SECTION 9.03 Revocation and Effect of Consents.

Until an amendment or waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security; provided, however, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of a Security if the Trustee receives the written notice of revocation before the date on which the amendment,

supplement or waiver becomes effective. An amendment, supplement or waiver shall become effective in accordance with its terms and thereafter shall bind every Holder of Securities of that series.

SECTION 9.04 Notation on or Exchange of Securities.

If an amendment, supplement or waiver changes the terms of a Security: (a) the Trustee may require the Holder of the Security to deliver it to the Trustee, the Trustee may, at the written direction of the Company and at the Company's expense, place an appropriate notation on the Security about the changed terms and return it to the Holder and the Trustee may place an appropriate notation on any Security thereafter authenticated; or (b) if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

Failure to make the appropriate notation or issue a new Security shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.05 Trustee to Sign Amendments, Etc.

Subject to the preceding sentence, the Trustee shall sign any amendment of supplemental Indenture if the same does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise. The Company may not sign an amendment or supplemental Indenture until the Board of Directors approves it. In executing any amended or

supplemental Indenture, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon, in addition to the documents required by Section 11.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental Indenture is authorized or permitted by this Indenture.

ARTICLE 10
GUARANTEES

SECTION 10.01 Guarantee.

Any series of Securities may be guaranteed by one or more of the Guarantors. The terms and the form of any such Guarantee will be established in the manner contemplated by Section 2.01 for that particular series of Securities.

ARTICLE 11
MISCELLANEOUS

SECTION 11.01 Indenture Subject to Trust Indenture Act.

This Indenture is subject to the provisions of the TIA that are required to be part of this Indenture, and shall, to the extent applicable, be governed by such provisions.

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SECTION 11.02 Notices.

Any notice or communication is duly given if in writing and delivered in person or sent by first-class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next-day delivery, addressed as follows:

If to the Company and/or any Guarantor:

Meritage Corporation
6613 North Scottsdale Road, Suite 200
Scottsdale, Arizona 85250
Attention: Larry W. Seay
Telephone: (480) 998-8700
Facsimile: (480) 998-9178

with a copy to:

Snell & Wilmer L.L.P.
One Arizona Center
400 E. Van Buren Street
Phoenix, Arizona 85004
Attention: Steven D. Pidgeon, Esq.
Telephone: (602) 382-6000
Facsimile: (602) 382-6070

If to the Trustee:

Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Division
Telephone: (213) 614-3349
Facsimile: (213) 614-3355

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next-day delivery.

Any notice or communication to a Securityholder shall be mailed by first-class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Security holder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If the Company mails a notice or communication to

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Securityholders, it shall mail a copy to the Trustee at the same time. Any notice or communication shall also be mailed to any Person described in TIA Section 313(c), to the extent required by the TIA.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

SECTION 11.03 Communication by Holders With Other Holders.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 11.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate, in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of such counsel, such action is authorized or permitted by this Indenture and that all such conditions precedent have been complied with.

SECTION 11.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than the certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with; provided, however, that with

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respect to matters of fact an Opinion of Counsel may rely on an officer's certificate or certificates of public officials.

SECTION 11.06 Rules by Trustee and Agents.

The Trustee as to Securities of any series may make reasonable rules for action by or at a meeting of Holders of Securities of that series. The Registrar and any Paying Agent or Authenticating Agent may make reasonable rules and set reasonable requirements for their functions.

SECTION 11.07 Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in the City of New York, New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.08 No Recourse Against Others.

No past, present or future director, officer, employee, manager, securityholder or incorporator, as such, of the Company or any successor Person shall have any liability for any obligations of the Company or any Guarantor under any series of Securities, any guarantees thereof, or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration of issuance of the Securities.

SECTION 11.09 Counterparts.

This Indenture may be executed by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 11.10 Governing Law.

The internal laws of the State of New York shall govern and be used to construe this Indenture and the Securities (including any guarantees thereof), without giving effect to the applicable principles of conflicts of laws to the extent that the application of the laws of another jurisdiction would be required thereby.

SECTION 11.11 Submission to Jurisdiction; Service of Process; Waiver of Jury Trial.

Each party hereto hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State Court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Indenture, the Securities (including any guarantee thereof) or the transactions contemplated hereby and thereby. Each party hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such

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proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the State of New York. Without limiting the foregoing, the parties agree that service of process upon such party at the address referred to in Section 11.02, together with written notice of such service to such party, shall be deemed effective service of process upon such party. Each of the parties hereto irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Securities (including any guarantee thereof) or the transactions contemplated hereby and thereby.

SECTION 11.12 Severability.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.13 Effect of Headings, Table of Contents, Etc.

The Article and Section headings herein and the table of contents are for convenience only and shall not affect the construction hereof.

SECTION 11.14 Successors and Assigns.

All covenants and agreements of the Company in this Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in this Indenture shall bind its successor. All agreements of any Guarantor in this Indenture shall bind its successors, except as otherwise provided by the terms hereof.

SECTION 11.15 No Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any Subsidiary or of any Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first above written.

MERITAGE CORPORATION

BY: _____
Name:
Title:

WELLS FARGO BANK, National Association,
as Trustee

By: -----
Name:
Title:

[GUARANTOR]

BY: -----
Name:
Title:

73063

PAR VALUE \$.01

COMMON STOCK

NUMBER
MC _____

SHARES

[MERITAGE CORPORATION LOGO]

[MERITAGE CORPORATION SEAL]

[GRAPHIC]

INCORPORATED UNDER THE LAWS
OF THE STATE OF MARYLAND

CUSIP 59001A 10 2

THIS CERTIFICATE IS TRANSFERABLE IN
THE CITIES OF SAN FRANCISCO, CA,
RIDGEFIELD PARK, NJ OR NEW YORK, NY

SEE REVERSE FOR IMPORTANT NOTICE ON
TRANSFER RESTRICTIONS AND OTHER
INFORMATION

MERITAGE CORPORATION

THIS CERTIFIES THAT

IS THE RECORD HOLDER OF
FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK OF
[CERTIFICATE OF STOCK WATERMARK]

Meritage Corporation (the "Corporation") transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments thereto. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

In Witness Whereof, the Corporation has caused this Certificate to be executed on its behalf by its duly authorized officers.

Dated:

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES LLC
TRANSFER AGENT AND REGISTRAR

BY
AUTHORIZED SIGNATURE
Steven J. Hilton
CO-CHAIRMAN, CO-CEO
Larry W. Seay
SECRETARY
/s/ John R. Landon
CO-CHAIRMAN, CO-CEO

[SPECIMEN]
[42302]
[ABN SECOL]

The Corporation is authorized to issue two classes of capital stock which are designated as Common Shares and Preferred Shares. The Board of Directors is authorized to determine the preferences, limitations, and relative rights of the Preferred Shares before the issuance of any Preferred Shares. The Corporation will furnish, without charge, to any shareholder making a written request therefor, a copy of the Corporation's Charter and a written statement of the designations, relative rights, preferences and limitations applicable to each such class of stock. Requests for such written statement may be directed to the Secretary of the Corporation, at the Corporation's principal executive office.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - Custodian

(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

UNIF TRF MIN ACT - _____ Custodian (until age _____)
_____ (Cust) _____
_____ under Uniform Transfers
_____ to Minors Act _____
_____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE TYPE OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

-----Shares
of the common stock represented by the within Certificate, and do hereby
irrevocably constitute and appoint

Attorney

to transfer the said stock on the books of the within named Corporation with
full power of substitution in the premises.

Dated _____

X _____
X _____

THE SIGNATURE(S) TO THIS ASSIGNMENT MUST
CORRESPOND WITH THE NAME(S) AS WRITTEN
NOTICE: UPON THE FACE OF THE CERTIFICATE IN
EVERY PARTICULAR, WITHOUT ALTERATION OR
ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed

By _____

THE SIGNATURE(S) MUST BE GUARANTEED BY AN
ELIGIBLE GUARANTOR INSTITUTION (BANKS,
STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS
AND CREDIT UNIONS WITH MEMBERSHIP IN AN
APPROVED SIGNATURE GUARANTEE MEDALLION
PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

[SPECIMEN]
[42302]
[ABN SECOL]

May 1, 2002

Meritage Corporation
6613 North Scottsdale Road, Suite 200
Scottsdale, Arizona 85250

Monterey Homes Arizona, Inc.
Meritage Paseo Crossing, LLC
Monterey Homes Construction, Inc.
Meritage Paseo Construction, LLC
Meritage Homes of Arizona, Inc.
Meritage Homes Construction, Inc.
MTH-Texas GP, Inc.
MTH-Texas LP, Inc.
Legacy/Monterey Homes, LP
Meritage Homes of Northern California, Inc.
Hancock-MTH Builders, Inc.
Hancock-MTH Communities, Inc
Legacy Operating Company, L.P.
Hulen Park Venture, LLC
Meritage Holdings, L.L.C.

each c/o Meritage Corporation
6613 North Scottsdale Road, Suite 200
Scottsdale, Arizona 85250

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

At your request, we as special counsel have examined the Registration Statement on Form S-3 (the "Registration Statement") relating to the registration and sale from time to time by you and certain direct and indirect subsidiaries which are co-registrants under the Registration Statement of up to an aggregate of \$300,000,000 of (i) debt securities ("Debt Securities"), (ii) shares of common stock, \$.01 par value per share ("Common Stock"), (iii) shares of preferred stock, in one or more series ("Preferred Stock"), (iv) warrants to purchase Debt Securities, Common Stock or Preferred Stock ("Warrants"), and (v) guarantees of Debt Securities ("Guarantees") (Debt Securities, Common Stock, Preferred Stock, Warrants and Guarantees are collectively referred to as the "Securities"), and such corporate records, certificates and other documents and such questions of law as we have considered necessary or appropriate for the Meritage Corporation
May 1, 2002
Page 2

purposes of this opinion. In our capacity as special counsel in connection with such registration, we are familiar with the proceedings taken and proposed to be taken by Meritage Corporation and the co-registrants in connection with the authorization and issuance of the Securities and for purposes of this opinion, have assumed that such proceedings will be timely completed in the manner presently proposed and the terms of each issuance will otherwise be in compliance with law. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Registration Statement.

We are members of the Bar of the State of Arizona and the foregoing opinion is limited to the laws of the State of Arizona and to the federal laws of the United States of America. With respect to the Indenture and Warrant Agreement, which are, or we expect will be, stated to be governed by the laws of the State of New York, we have assumed with your consent that such laws are the same as the laws of the State of Arizona with respect to the legal nature of the Indenture, Debt Securities, Guarantees and Warrants.

Based upon the foregoing, we advise you that in our opinion, when the following events have occurred:

(a) the Registration Statement and any required post-effective amendments thereto and any and all prospectus supplement(s) required by applicable laws have all been filed and become effective under the Securities Act of 1933, as amended;

(b) the due approval by the Company's stockholders, including the filing of the appropriate charter documents with the Company's state of incorporation, authorizing the issuance of preferred stock;

(c) the due authorization, approval and filing by you of the Certificate

of Designation(s) setting forth the terms of the Preferred Stock;

(d) the due authorization, execution and delivery of the Warrant Agreement pursuant to which the Warrants are to be issued;

(e) the due authorization, execution and delivery of the Indenture pursuant to which Debt Securities are to be issued, and the qualification of such Indenture under the Trust Indenture Act of 1939, as amended;

(f) the due execution, registration and delivery of the certificate or certificates evidencing the Securities; and

(g) the Securities have been established, issued and delivered in the manner specified in the Registration Statement, the prospectus and the applicable prospectus supplement and the exhibits thereto, in accordance with corporate and governmental authorities and not in violation of any applicable law, agreement or instrument; then

Meritage Corporation

May 1, 2002

Page 3

1. The Debt Securities and Guarantees to be issued by you, including Debt Securities and Guarantees issued upon exercise of any Warrants issued under the Registration Statement, will be legally issued and binding obligations upon you, subject to the effect of (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and court decisions affecting creditors' rights and remedies generally now or hereafter in effect and (b) the application of general principles of equity (whether such enforceability is considered in a proceeding in equity or at law);

2. The Common Stock to be issued by you, including any Common Stock that may be issuable pursuant to the conversion of any Preferred Stock or Debt Securities or upon the exercise of any Warrants, will be legally issued, fully paid and non-assessable;

3. The Preferred Stock to be issued by you, including the Preferred Stock issued upon exercise of any Warrants issued under the Registration Statement, will be legally issued, fully paid and non-assessable; and

4. The Warrants to be issued by you will be legally issued, and binding obligations upon you, subject to the effect of (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and court decisions affecting creditors' rights and remedies generally now or hereafter in effect and (b) the application of general principles of equity (whether such enforceability is considered in a proceeding in equity or at law).

To the extent that the obligations of either Meritage Corporation or the co-registrants under the Indenture may be dependent on such matters, we assume that for purposes of this opinion that the Trustee is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; that the Trustee is duly organized to engage in the activities contemplated by the Indenture; that the Indenture has been duly authorized, executed and delivered by the Trustee, enforceable against the Trustee in accordance with its terms; that the Trustee is in compliance, generally and with respect to acting as trustee under the Indenture, with all applicable laws and regulations; and that the Trustee has the requisite organizational and legal power and authority to perform its obligations under the Indenture.

You have informed us that you intend to issue the Securities from time to time on a delayed or continuous basis. Accordingly, this opinion is limited to the laws, including the rules and regulations, as in effect on the date hereof. We understand that prior to issuing any Securities you will advise us in writing of the terms thereof, will afford us an opportunity to review the operative documents pursuant to which such Securities are to be issued (including the applicable Prospectus Supplement) and will file such supplement or amendment to this opinion (if any) as we may reasonably consider necessary or appropriate by reason of the terms of such Securities.

Meritage Corporation

May 1, 2002

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We hereby consent to the use of this opinion as an exhibit to the Registration Statement, and we further consent to the use of our name under the caption "Legal Matters" in the Registration Statement and in the Prospectus.

Very truly yours,

/s/ Snell & Wilmer L.L.P.

MERITAGE CORPORATION AND SUBSIDIARIES
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 AND
 RATIO OF EARNINGS TO COMBINED FIXED CHARGES
 AND PREFERRED STOCK DIVIDENDS

(IN THOUSANDS, EXCEPT RATIO OF EARNINGS TO FIXED CHARGES)

	Years ended December 31,				
	2001	2000	1999	1998	1997
- <S> <Caption>	<C>	<C>	<C>	<C>	<C>
Computation of Earnings:					
Earnings before income taxes and extraordinary items	83,336	56,762	32,215	30,500	15,199
Add:					
Interest expense, including amortization of deferred debt costs	348	98	96	490	165
Interest portion of rent expense(1)	1,250	804	557	538	593
- Earnings, as adjusted	84,934	57,664	32,868	31,528	15,957
Computation of Fixed Charges:					
Interest expense, including amortization of deferred debt costs	348	98	96	490	165
Interest portion of rent expense(1)	1,250	804	557	538	593
Capitalized interest	16,623	10,626	7,025	3,711	3,679
- Total Fixed Charges	18,221	11,528	7,678	4,739	4,437
Ratio of Earnings to Fixed Charges:					
Earnings	84,934	57,664	32,868	31,528	15,957
Fixed charges	18,221	11,528	7,678	4,739	4,437
Ratio	4.66	5.00	4.28	6.65	3.60
Ratio of Earnings to Combined Fixed Charges and and Preferred Stock Dividends:					
Earnings	84,934	57,664	32,868	31,528	15,957
Fixed charges	18,221	11,528	7,678	4,739	4,437
Preferred stock dividends	--	--	--	--	--
Ratio	4.66	5.00	4.28	6.65	3.60

(1) represents 50% of rental expense

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Meritage Corporation:

We consent to the use of our report dated February 6, 2002, with respect to the consolidated balance sheets of Meritage Corporation and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2001, which report appears in the Annual Report on Form 10-K of Meritage Corporation for the year ended December 31, 2001, incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

Phoenix, Arizona
April 25, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

[] CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

WELLS FARGO BANK, NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)

NOT APPLICABLE (Jurisdiction of incorporation or organization if not a U.S. national bank)	94-1347393 (I.R.S. Employer Identification No.)
420 MONTGOMERY STREET SAN FRANCISCO, CA (Address of principal executive offices)	94163 (Zip code)

WELLS FARGO & COMPANY
LAW DEPARTMENT, TRUST SECTION
MAC N9305-172
SIXTH AND MARQUETTE, 17TH FLOOR
MINNEAPOLIS, MN 55479
(agent for services)

MERITAGE CORPORATION
(Exact name of obligor as specified in its charter)

MARYLAND (State or other jurisdiction of incorporation or organization)	86-0611231 (I.R.S. Employer Identification No.)
6613 NORTH SCOTTSDALE RD., SUITE 200 SCOTTSDALE, AZ (Address of principal executive offices)	85250 (Zip code)

DEBT SECURITIES
(Title of the indenture securities)

Item 1. General Information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency,
Treasury Department
Washington, D.C. 20230

Federal Deposit Insurance Corporation
Washington, D.C. 20429

Federal Reserve Bank of San Francisco
San Francisco, CA 94120

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

Item 15. Foreign Trustee. Not applicable.

Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.

- Exhibit 1. A copy of the Articles of Association of the trustee now in effect.
- Exhibit 2. A copy of the Comptroller of the Currency Certificate of Corporate Existence for Wells Fargo Bank, National Association, dated November 28, 2001.
- Exhibit 3. A copy of the authorization of the trustee to exercise corporate trust powers. A copy of the Comptroller of the Currency Certificate of Corporate Existence (with Fiduciary Powers) for Wells Fargo Bank, National Association, dated November 28, 2001.
- Exhibit 4. Copy of By-laws of the trustee as now in effect.
- Exhibit 5. Not applicable.
- Exhibit 6. The consents of United States institutional trustees required by Section 321(b) of the Act.
- Exhibit 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.
- Exhibit 8. Not applicable.
- Exhibit 9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Los Angeles and State of California on the day of 30th of April, 2002.

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Jeanie Mar

Name: Jeanie Mar
Title: Vice President

EXHIBIT 1 TO FORM T-1

WELLS FARGO BANK, NATIONAL ASSOCIATION

ARTICLES OF ASSOCIATION

EFFECTIVE OCTOBER 30, 1998

ARTICLE I - NAME

The title of the Association shall be WELLS FARGO BANK, NATIONAL ASSOCIATION.

ARTICLE II - OFFICES

1. Main Office. The main office of the Association shall be in the City and County of San Francisco, State of California. The Board of Directors shall have the power to change the location of the main office to any other place within the City and County of San Francisco, State of California, without the approval of the stockholders, but subject to the approval of the Comptroller of the Currency.

2. Branch Offices. The Board of Directors shall have the power to establish or change the location of any branch or branches of the Association to any other location, without the approval of the stockholders but subject to the approval of the Comptroller of the Currency.

3. Conduct of Business. The general business of the Association shall be conducted at its main office and its branches.

ARTICLE III - BOARD OF DIRECTORS

1. Number; Vacancy. The Board of Directors of the Association shall consist of not less than five nor more than twenty-five persons, the exact number of Directors within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of the stockholders at any annual or special meeting

thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

2. Appointment of Officers. The Board of Directors shall appoint one of its members as the President of the Association. The President shall also be the Chairman of the Board unless the Board of Directors appoints another Director to be the Chairman of the Board. The Board of Directors shall have the power to appoint or to determine the manner of appointing the other officers of the Association.

3. Powers. The Board of Directors shall have the power to define or to determine the manner of defining the duties of the officers and employees of the Association; to fix or to determine the manner of fixing the salaries to be paid to them; to dismiss or to determine the manner of dismissing them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of the Association shall be made; to manage and administer the business and affairs of the Association; to make all By-Laws that it may be lawful for the Board of Directors to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

ARTICLE IV - MEETINGS OF STOCKHOLDERS

1. Annual Meeting. The annual meeting of the stockholders for the election of Directors and the transaction of whatever other business may be brought before said meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified therefor in the By-Laws, but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

2. Special Meetings. Special meetings of the stockholders of this Association unless otherwise regulated by statute, for any purpose or purposes whatsoever, may be called at any time by the Board of Directors, the chief executive officer or by one or more stockholders holding not less than one-fifth of the voting power of the Association.

3. Notice of Meetings. Unless otherwise regulated by statute, a notice of the time, place and purpose of every annual and special meeting of the stockholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each stockholder of record at his address as shown upon the books of the Association.

4. Written Consents. Unless otherwise regulated by statute, any action required or permitted to be taken by the stockholders may be taken without a meeting, if all stockholders shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the stockholders. Such action by written consent shall have the same force and effect as the unanimous vote of the stockholders.

ARTICLE V - INDEMNITY

Any person, his heirs, executors, or administrators, may be indemnified or reimbursed by the Association for reasonable expenses actually incurred in connection with any action, suit, or proceeding, civil or criminal, to which he or they shall be made a party by reason or his being or having been a Director, officer, or employee of the Association or of any firm, corporation, or organization which he served in any such capacity at the request of the Association: Provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding as to which he shall finally be adjudged to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his duties to the Association: And, provided further, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of competent jurisdiction, or the holders of record of a majority of the outstanding shares of the Capital Stock of the Association, or the Board of Directors, acting by vote of Directors not parties to the same or substantially the same action, suit, or proceeding, constituting a majority of the entire number of Directors. The foregoing right of indemnification or reimbursement shall not be exclusive of other rights to which such person, his heirs, executors, or administrators, may be entitled as a matter of law. The Association may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its Directors, officers, or employees.

ARTICLE VI - CAPITAL

1. Capitalization. The Association is authorized to issue a total of 112,200,000 shares of common stock (the "Common Stock") and 1,225,000 shares of preferred stock. The aggregate par value of all the shares of Common Stock which the Association shall be authorized to issue shall be \$1,122,000,000, and the par value of each share of Common Stock which the Association shall be

authorized to issue shall be Ten Dollars (\$10.00). The aggregate par value of all the shares of preferred stock which the Association shall be authorized to issue shall be \$12,250, and the par value of each share of preferred stock which the Association shall be authorized to issue shall be One Cent (\$0.01).

2. Voting Rights. Each holder of Common Stock shall be entitled to vote on all matters, one vote for each share of Common Stock held by him, provided that, in all elections of Directors, each holder of Common Stock shall have the right to vote the shares allocated to the number of shares owned by him for as many persons as there are Directors to be elected, or to cumulate such votes and give one candidate as many votes as the number of Directors to be elected multiplied by the number of votes allocable to his share shall equal, or to distribute such votes on the same principle among as many candidates as he shall think fit.

3. Debt Obligations. The Association, at any time and from time to time, may authorize the issue of debt obligations, whether or not subordinated, without the approval of the stockholders.

4. Preferred Stock, Series A.

A. Designation. 1,225,000 shares of the preferred stock of the Association are designated as 7 3/4% Noncumulative Preferred Stock, Series A (hereinafter referred to as the "Series A Preferred Shares" or the "Series"). The Series A Preferred Shares shall have a liquidation preference of \$1,000 per share (the "Liquidation Preference"). The number of authorized Series A Preferred Shares may be reduced by further resolution duly adopted by the Board of Directors of the Association (the "Board") and by the filing of articles of amendment stating that such reduction has been so authorized. The number of authorized shares of this Series shall not be increased.

B. Dividends. (a) Dividends on the Series A Preferred Shares shall be payable at a rate of 7 3/4% of the Liquidation Preference per annum, if, when and as declared by the Board out of assets of the Association legally available therefor. If declared, dividends on the Series A Preferred Shares shall be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year (a "Dividend Date"), commencing on the first Dividend Date after the Time of Exchange (as defined below). Dividends will accrue from the first day of the fiscal quarter ending on each Dividend Date (each a "Dividend Period"), whether or not declared or paid for the prior Dividend Period. Each declared dividend shall be payable to the holder of record of the Series A Preferred Shares as it appears at the close of business on the stock register of the Association on such record date, not exceeding 45 days preceding the payment date thereof, as shall be fixed by the Board.

(b) If the Board fails to declare a dividend on the Series A Preferred Shares for any Dividend Period, then the holder of the Series A Preferred Shares will have no right to receive a dividend on such shares for that Dividend Period, and the Association will have no obligation to pay a dividend for that Dividend Period, whether or not dividends are declared and paid for any future Dividend Period with respect to either the Series A Preferred Shares or the Common Stock of the Association.

(c) If full dividends on the Series A Preferred Shares for any Dividend Period shall not have been declared and paid, or declared and a sum sufficient for the payment thereof shall not have been set apart for such payment, no dividends shall be declared or paid or set aside for payment and no other distribution shall be declared or made or set aside for payment upon the Common Stock or any other capital stock of the Association ranking junior to or on a parity with the Series A Preferred Shares as to dividends or amounts upon liquidation, nor shall any Common Stock or any other capital stock of the Association ranking junior to or on a parity with the Series A Preferred Shares as to dividends or amounts upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such stock) by the Association (except by conversion into or exchange for other capital stock of the Association ranking junior to the Series A Preferred Shares as to dividends and amounts upon liquidation), until such time as dividends on all outstanding Series A Preferred Shares have been (i) declared and paid declared for three consecutive Dividend Periods and (ii) declared and paid or declared and a sum sufficient for the payment thereof has been set apart for payment for the fourth consecutive Dividend Period. Notwithstanding the above, nothing in this subparagraph shall prevent the Association from treating an amount consented to by a holder of the Common Stock under the provisions of section 565 of the Internal Revenue Code of 1986, as amended (the "Code"), as a dividend for purposes of the dividends paid deduction under section 561 of the Code.

(d) When dividends are not paid in full (or a sum sufficient for such full payment is not set apart) upon the Series A Preferred Shares and the shares of any other series of capital stock of the Association ranking on a parity as to dividends with the Series A Preferred Shares, all dividends declared upon the Series A Preferred Shares and any such other series of capital stock shall be declared pro rata so that the amount of dividends declared per share on the Series A Preferred Shares and such other series of capital stock shall, in all cases, bear to each other the same ratio that full dividends, for

the then-current Dividend Period, per share on the Series A Preferred Shares (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on such other series of capital stock bear to each other.

(e) The holder of the Series A Preferred Shares shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Series A Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Shares which may be in arrears.

C. Redemption. (a) With the prior approval of the United States Office of the Comptroller of the Currency (the "OCC"), the Association, at its option, may redeem the Series A Preferred Shares, in whole or in part, at any time or from time to time, at a redemption price equal to the Liquidation Preference per share, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(b) In the event the Association shall redeem any of the Series A Preferred Shares, notice of such redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to the holder of record of the Series A Preferred Shares, at the holder's address as the same appears on the stock register of the Association. Each such notice shall state: (i) the redemption date; (ii) the number of Series A Preferred Shares to be redeemed and, if fewer than all the Series A Preferred Shares held by the holder are to be redeemed, the number of such shares to be redeemed from the holder; (iii) the redemption price; and (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(c) Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Association in providing money for the payment of the redemption price), said Series A Preferred Shares shall no longer be deemed to be outstanding, and all rights of the holder thereof as a stockholder of the Association (except the right to receive from the Association the redemption price) shall cease. If such shares are represented by a certificate, upon surrender in accordance with said notices of the a certificate for any Series A Preferred Shares so redeemed (properly endorsed or assigned for transfer, if the Board shall so require and the notice shall so state), such shares shall be redeemed by the Association at the redemption price aforesaid. In case fewer than all the Series A Preferred Shares represented by any such certificate is redeemed, a new certificate shall be issued representing the unredeemed Series A Preferred Shares without cost to the holder thereof.

(d) Any Series A Preferred Shares, which shall at any time have been redeemed, shall, after such redemption, have the status of authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board.

D. Automatic Exchange. (a) Series A Preferred Shares will be issued only in exchange (the "Automatic Exchange") for shares of 7 3/4% Noncumulative Exchangeable Preferred Stock, Series A, \$0.01 par value per share (a "REIT Preferred Share"), of Wells Fargo Realty Corporation II, a Maryland corporation (the "REIT"), upon the terms and conditions set forth in this Section D.

(b) The Automatic Exchange will occur only if the appropriate federal regulatory agency directs in writing (a "Directive") an exchange of the REIT Preferred Shares for the Series A Preferred Shares because (i) the REIT becomes "undercapitalized" under prompt corrective action regulations, (ii) the REIT is placed into conservatorship or receivership or (iii) the appropriate federal regulatory agency, in its sole discretion, anticipates the REIT becoming "undercapitalized" in the near term (an "Exchange Event").

(c) Upon an Exchange Event, upon surrender to the Association by the holder of the REIT Preferred Shares of the certificate, if any, representing each share of the REIT Preferred Shares of the holder, the Association shall be unconditionally obligated to issue to the holder in exchange for each such REIT Preferred Share a certificate representing one Series A Preferred Share.

(d) The Automatic Exchange shall occur as of 8:00 a.m., Eastern Time, on the date for such exchange set forth in the Directive, or, if such date is not set forth in the Directive, as of 8:00 a.m., Eastern Time, on the earliest possible date such exchange could occur consistent with the Directive (the "Time of Exchange"). As of the Time of Exchange, the holder of the REIT Preferred Shares shall thereupon and thereafter be deemed to be and shall be for all purposes a holder of Series A Preferred Shares. The Association shall deliver to the holder of REIT Preferred Shares a certificate for Series A Preferred Shares upon surrender of the certificate for the REIT Preferred Shares. Until such replacement stock certificate is delivered (or in the event such replacement certificate is not delivered), any certificate previously representing the REIT Preferred Shares shall be deemed for all purposes to represent Series A Preferred Shares.

(e) In the event the Automatic Exchange occurs, any accrued and

unpaid dividends on the REIT Preferred Shares as of the Time of Exchange would be deemed to be accrued and unpaid dividends on the Series A Preferred Shares.

E. Conversion. The holder of Series A Preferred Shares shall not have any rights to convert such shares into shares of any other class or series of capital stock of the Association.

F. Liquidation Rights. (a) Upon the voluntary or involuntary dissolution, liquidation or winding up of the Association, the holder of the Series A Preferred Shares shall be entitled to receive and to be paid out of the assets of the Association available for distribution to its stockholder, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the Series A Preferred Shares upon liquidation, the amount of the Liquidation Preference per share, plus the quarterly accrued and unpaid dividend thereon to the date of liquidation.

(b) After the payment to the holder of the Series A Preferred Shares of the full preferential amounts provided for in this Section F, the holder of the Series A Preferred Shares as such shall have no right or claim to any of the remaining assets of the Association.

(c) If, upon any voluntary or involuntary dissolution, liquidation or winding up of the Association, the amounts payable with respect to the Liquidation Preference and any other shares of capital stock of the Association ranking as to any such distribution on a parity with the Series A Preferred Shares are not paid in full, the holder of the Series A Preferred Shares and of such other shares will share ratably in any such distribution of assets of the Association in proportion to the full respective liquidating distributions to which they are entitled.

(d) Neither the sale of all or substantially all the property or business of the Association, nor the merger or consolidation of the Association into or with any other Association, nor the merger or consolidation of any other Association into or with the Association shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, of the Association for purposes of this Section F.

(e) Upon the dissolution, liquidation or winding up of the Association, the holder of the Series A Preferred Shares then outstanding shall be entitled to be paid out of the assets of the Association available for distribution to its stockholder all amounts to which the holder is entitled pursuant to paragraph (a) of this Section F before any payment shall be made to the holder of any class of capital stock of the Association ranking junior to the Series A Preferred Shares upon liquidation.

G. Ranking. For purposes of these articles, any stock of any class or classes of the Association shall be deemed to rank:

(a) Prior to the Series A Preferred Shares, either as to dividends or upon liquidation, if the holder of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Association, as the case may be, in preference or priority to the holder of the Series A Preferred Shares;

(b) On a parity with the Series A Preferred Shares, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of the Series A Preferred Shares, if the holder of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Association, as the case may be, without preference or priority, one over the other, as between the holder of such stock and the holder of the Series A Preferred Shares; and

(c) Junior to the Series A Preferred Shares, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holder of the Series A Preferred Shares shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Association, as the case may be, in preference or priority to the holder of shares of such class or classes.

H. Voting Rights. The Series A Preferred Shares shall not have any voting rights, either general or special, unless required by applicable law.

ARTICLE VII - PERPETUAL EXISTENCE

The corporate existence of the Association shall continue until terminated in accordance with the laws of the United States.

ARTICLE VIII - AMENDMENT

These Articles of Association may be amended at any regular or special meeting of the stockholders by the affirmative vote of the holders of a

majority of the Capital Stock of the Association, unless the vote of the holders of a greater amount of Capital Stock is required by law, and in that case by the vote of the holders of such greater amount.

EXHIBIT 2 TO FORM T-1

[LOGO]

COMPTROLLER OF THE CURRENCY
ADMINISTRATOR OF NATIONAL BANKS

WASHINGTON, D.C. 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, JOHN D. Hawke, Jr., Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering of all National Banking Associations.

2. "Wells Fargo Bank, National Association," San Francisco, California, (Charter No. 1741) is a National Banking Association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto
subscribed my name and caused my seal of
office to be affixed to these presents at
the Treasury Department in the City of
Washington and District of Columbia, this
28th day of November, 2001.

[SEAL]

/s/ John D. Hawke, Jr.

Comptroller of the Currency

EXHIBIT 3 TO FORM T-1

[LOGO]

Comptroller of the Currency
Administrator of the National Banks

Western District Office
50 Fremont Street, Suite 3900
San Francisco, CA 94105-2292

CERTIFICATE OF CORPORATE EXISTENCE
(WITH FIDUCIARY POWERS)

I, JOHN C. BEERS, on behalf of the Office of the Comptroller of the Currency, hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering, regulation and supervision of all National Banking Associations;

2. Wells Fargo Bank, National Association, San Francisco, California, Charter Number 1741, is a National Banking Association formed under the laws of the United States of America and authorized hereunder and continues to hold authority to transact the business of banking (and to act in all fiduciary capacities) permitted thereby on the date of this certificate.

IN TESTIMONY WHEREOF, I have hereunto
subscribed my name and caused the seal of the
Office of the Comptroller of the Currency, in
the City of San Francisco, California, to be
affixed this 23rd day of April, A.D. 1993.

/s/ John C. Beers

EXHIBIT 4 TO FORM T-1

BY-LAWS

OF

WELLS FARGO BANK, NATIONAL ASSOCIATION

(AS AMENDED NOVEMBER 2, 2000)

ARTICLE I

MEETINGS OF STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. All annual meetings of the stockholders of Wells Fargo Bank, National Association (the "Bank") shall be held at the head office of the Bank, or other convenient place duly authorized by the Board of Directors, on the third Monday of April in each year at 3:30 o'clock p.m., if not a bank holiday, and if a bank holiday then on the next succeeding business day at the same hour and place. At such meetings, directors shall be elected, reports of the affairs of the Bank shall be considered, and any other business may be transacted which is within the powers of the stockholders.

SECTION 2. SPECIAL MEETINGS. Special meetings of the stockholders, unless otherwise regulated by statute, for any purpose or purposes whatsoever, may be called at any time by the Board of Directors, the chief executive officer or one or more stockholders holding not less than one-fifth of the voting power of the Bank. Such meetings shall be held at the head office of the Bank or other convenient place duly authorized by the Board of Directors.

SECTION 3. NOTICE OF MEETINGS. Unless otherwise provided by statute, a notice of the time, place and purpose of every annual and special meeting of the stockholders shall be given by first-class mail, postage prepaid, mailed at least 10 days prior to the date of such meeting to each stockholder of record at his or her address as shown upon the books of the Bank, or if no address is shown, at 464 California Street, San Francisco, California. Except as otherwise provided by statute, the transactions of any meeting of stockholders, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the stockholders entitled to vote, not present in person or by proxy, signs a written waiver of notice of such meeting. All such waivers shall be filed with the records of the Bank or made a part of the minutes of the meeting.

SECTION 4. PROXIES. Stockholders may vote at any meeting of the stockholders by proxies duly authorized in writing, but no officer or employee of the Bank shall act as proxy. Proxies shall be valid only for one meeting, to be specified therein, and any adjournments of such meeting. Proxies shall be dated and shall be filed with the records of the meeting.

SECTION 5. QUORUM. Except as otherwise provided by law, the attendance of the holders of a majority of the capital stock issued and outstanding and entitled to vote, either present in person or represented by proxy, is requisite and shall constitute a quorum for the transaction of business at all meetings of the stockholders. A majority of the votes cast shall decide every question or matter submitted to the stockholders at any meeting, unless otherwise provided by law or by the Articles of Association.

SECTION 6. WRITTEN CONSENTS. Any action required or permitted to be taken by the stockholders may be taken without a meeting if all stockholders shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the stockholders. Such action by written consent shall have the same force and effect as the unanimous vote of the stockholders.

ARTICLE II

DIRECTORS

SECTION 1. CORPORATE POWERS, NUMBER. The corporate powers of this Bank shall be vested in and exercised by a Board of Directors consisting of five members.

SECTION 2. ELECTION, VACANCIES. The directors shall be elected by ballot at the annual meeting of the stockholders. Each director shall serve until the organizational meeting of the Board of Directors held pursuant to Section 3 of this Article in the year next following his or her election and until his or her successor has been elected and has qualified. Vacancies in the Board of Directors shall be filled by the majority vote of the other directors then in office or by the stockholders.

SECTION 3. ORGANIZATIONAL MEETING. The directors, without further notice, shall meet on the next business day immediately following the adjournment of the stockholders' meeting at which they have been elected and shall, pursuant to Section 1 of Article III hereof, proceed to elect the officers of the Bank. At said meeting the Board of Directors may consider and act upon any other business which may properly be brought before the meeting.

SECTION 4. PLACE OF MEETINGS. The Board of Directors shall hold its meetings at the head office of the Bank or at such other place as may from time to time be designated by the Board of Directors or by the chief executive officer.

SECTION 5. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held on such days and at such time as may be designated from time to time for such purpose by the Board of Directors. If the day of any regular meeting shall fall upon a bank holiday, the meeting shall be held at the same hour on the first day following which is not a bank holiday. No call or notice of a regular meeting need be given unless the meeting is to be held at a place other than the head office of the Bank.

SECTION 6. SPECIAL MEETINGS. Special meetings shall be held when called by the chief executive officer or at the written request of two directors.

SECTION 7. QUORUM; ADJOURNED MEETINGS. A majority of the authorized number of directors shall constitute a quorum for the transaction of business. A majority of the directors present, whether or not a quorum, may adjourn any meeting to another time and place, provided that, if the meeting is adjourned for more than 30 days, notice of the adjournment shall be given in accordance with these By-Laws.

SECTION 8. NOTICE; WAIVERS OF NOTICE. Notice of special meetings and notice of regular meetings held at a place other than the head office of the Bank shall be given to each director, and notice of a meeting adjourned for more than 30 days shall be given prior to the adjourned meeting to all directors not present at the time of the adjournment. No such notice need specify the purpose of the meeting. Such notice shall be given four days prior to the meeting if given by mail or on the day preceding the day of the meeting if delivered personally or by telephone, facsimile, telex or telegram. Such notice shall be addressed or delivered to each director at such director's address as shown upon the records of the Bank or as may have been given to the Bank by the director for the purposes of notice. Notice need not be given to any director who signs a waiver of notice (whether before or after the meeting) or who attends the meeting without protesting the lack of notice prior to its commencement. All such waivers shall be filed with and made a part of the minutes of the meeting.

SECTION 9. WRITTEN CONSENTS. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as the unanimous vote of the directors.

SECTION 10. TELEPHONIC MEETINGS. A meeting of the Board of Directors or of any committee thereof may be held through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in such a meeting shall constitute presence at such meeting.

SECTION 11. COMPENSATION. Directors shall receive no compensation as such for attendance at meetings of the Board of Directors or of its committees.

SECTION 12. EXECUTIVE COMMITTEE. There shall be an Executive Committee consisting of the Chairman of the Board, presiding, and the President. The Executive Committee shall be subject to the control of the Board of Directors but, subject thereto, it shall have the fullest authority to act for and on behalf of the Bank and it shall have all of the powers of the Board of Directors, which, under the law, is possible for the Board of Directors to delegate to such a Committee, including the supervision of the general management direction and superintendence of the business affairs of the Bank.

SECTION 13. OTHER COMMITTEES; ALTERNATE MEMBERS. By resolution adopted by a majority of the authorized number of directors, the Board of Directors may constitute one or more committees to act as or on behalf of the Board of Directors. Each such committee shall consist of one or more directors designated by the Board of Directors to serve on such committee at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, which alternate members may replace any absent member at any meeting of such committee in the order designated. Failing such designation and in the absence or disqualification of a member of a Committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

SECTION 14. COMMITTEE MEMBERS' TERM OF SERVICE. Each Committee member shall serve until the organizational meeting of the Board of Directors held pursuant to Section 3 of this Article in the year next following his or her election and until his or her successor has been elected and has qualified, but any such member may be removed at any time by the Board of Directors. Vacancies in any of said committees, however created, shall be filled by the Board of Directors.

SECTION 15. COMMITTEE MEETING PROCEDURES. Subject to these By-Laws and the Board of Directors, each Committee shall have the power to determine the form of its organization, and the provisions of these By-Laws governing the calling, notice and place of special meetings of the Board of Directors shall apply to all meetings of any Committee unless such committee fixes a time and place for regular meetings in which case notice for such meeting shall be unnecessary. The provisions of these By-Laws regarding meetings of the Board of Directors, however called or noticed, shall apply to all meetings of any Committee. A majority of the members of any such committee shall be necessary to constitute a quorum and sufficient for the transaction of business and any act of a majority present at a meeting of any such committee of which there is a quorum present shall be the act of such committee. Any action which may be taken at a meeting of any Committee of the Board may be taken without a meeting, if all members of said Committee individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of said Committee and shall have the same force and effect as the unanimous vote of the Committee members. Each committee shall cause to be kept a full and complete record of its proceedings, which shall be available for inspection by any director. There shall be presented at each meeting of the Board of Directors copies of the minutes of all proceedings and all actions taken by written consent of each committee since the preceding meeting of the Board of Directors.

ARTICLE III

OFFICERS

SECTION 1. OFFICERS, ELECTION. The Bank shall have (i) a Chairman of the Board, (ii) a President and (iii) a Secretary. The Bank also may have one or more Vice Chairmen, one or more Executive Vice Presidents, one or more Senior Managing Directors, a Controller, one or more Managing Directors, one or more Senior Vice Presidents, one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries and such other officers as may be created by the Board, the Chief Executive Officer or any officer or committee whom the Board or the Chief Executive Officer may authorize to perform this duty. The Chairman of the Board and the President shall be elected from among the members of the Board of Directors. The following offices shall be filled only pursuant to election by the Board of Directors: Chairman of the Board, President, Vice Chairman, Executive Vice President, Senior Vice President, Senior Trust Officer, Controller and Secretary. Other officers may be appointed by the Board, the Chief Executive Officer or by any officer or committee who may be authorized to perform this duty by the Board or the Chief Executive Officer. All officers shall hold office at will, at the pleasure of the Board of Directors, the Chief Executive Officer, the officer or committee having the authority to appoint such officers, and the officer or committee authorized by the Board or the Chief Executive Officer to remove such officers, and may be removed at any time, with or without notice and with or without cause. No authorization by the Chief Executive Officer to appoint or remove officers shall be effective unless done in writing and signed by the Chief Executive Officer. One person may hold more than one office except the offices of President and Secretary may not be held by the same person.

SECTION 2. CHAIRMAN OF THE BOARD. The Chairman of the Board shall, when present, preside at all meetings of stockholders and of the Board of Directors and shall be the chief executive officer of the Bank. As chief executive officer he shall, subject to the provisions of these By-Laws and such resolutions of the Board of Directors as shall be in effect from time to time, exercise general supervision over the property, affairs and business of the Bank and prescribe or, to the extent that he shall deem appropriate, designate an officer or committee or prescribe the duties, authority and signing powers of all other officers and employees. The Chairman of the Board shall preside at all meetings of the Executive Committee.

SECTION 3. PRESIDENT. The President shall, subject to these By-Laws, exercise such powers and perform such duties as may from time to time be prescribed by the Board of Directors. In the absence of the Chairman of the Board, the President shall preside over the meetings of the stockholders and of the Board of Directors.

SECTION 4. ABSENCE OR DISABILITY OF CHIEF EXECUTIVE OFFICER. In the absence or disability of the Chairman of the Board, the President shall act as chief executive officer. In the absence or disability of the Chairman of the Board and the President, the officer designated by the Board of Directors or, if there be no such designation, the officer designated by the Chairman of the Board shall act as the chief executive officer. The Chairman of the Board shall at all times have on file with the Secretary his written designation of the officer from time to time so designated by him to act as the chief executive

officer in his absence or disability and in the absence or disability of the President.

SECTION 5. SECRETARY. The Secretary shall keep the minutes of the meetings of the Board of Directors and of the Executive Committee and shall perform such other duties as may be prescribed by the Board of Directors or the chief executive officer. The Secretary is assigned all of the duties previously assigned to, or authorized by law, custom or usage to be performed by, a cashier. In the absence of the Secretary, one of the Assistant Secretaries, or an officer designated by the chief executive officer, shall perform the duties and functions of the Secretary.

ARTICLE IV

EMERGENCY PROCEDURES

SECTION 1. "EMERGENCY" DEFINED. As used in this Article, "emergency" shall mean any disorder, disturbance or damage caused by or resulting from any natural disaster, act of God, act of war, enemy attack, outbreak of hostilities, civil unrest or other similar cause or event beyond the control of the Bank which prevents management by the Board of Directors and conduct by the officers of the business and affairs of the Bank in the manner provided for in the Articles of Association and in the other Articles of these By-Laws. The powers and duties conferred and imposed by this Article and any resolutions adopted pursuant hereto shall be effective only during an emergency. This Article may be implemented from time to time by resolutions adopted by the Board of Directors before or during an emergency, or during an emergency by the Executive Committee or an Emergency Managing Committee constituted and then acting pursuant hereto. An emergency, once commenced, shall be deemed to continue until terminated by resolutions adopted for that purpose by the Board of Directors. During an emergency the provisions of this Article and any implementing resolutions shall supersede any conflicting provisions of any Article of these By-Laws or resolutions adopted pursuant thereto.

SECTION 2. CONDUCT OF AFFAIRS. During any emergency, the officers and employees of the Bank shall continue, so far as possible, to conduct the affairs and business of the Bank under the guidance of the Board of Directors, or the Executive Committee or any Emergency Managing Committee acting pursuant to this Article, and in accordance with known orders of governmental authorities.

SECTION 3. POWER OF EXECUTIVE COMMITTEE. If, during any emergency, a quorum of either the Board of Directors or the Executive Committee cannot be found or is unable to act, any available member of the Executive Committee shall constitute a quorum of the Executive Committee and as such shall have and may exercise the fullest power to conduct and manage the business and affairs of the Bank and to relocate the head office or any other office or branch as circumstances may require, provided that the Executive Committee shall, during any emergency, comply with Sections 1 and 2 of Article I, relating to annual and special meetings of the stockholders, to the extent that such compliance is practicable. If no member of the Executive Committee is available to serve, any two or more available directors shall be deemed to constitute a quorum of the Executive Committee for exercise of the powers conferred and performance of the duties imposed by this Section 3.

SECTION 4. POWER OF EMERGENCY MANAGING COMMITTEE. If, during any emergency, neither a quorum of the Board of Directors nor the Executive Committee as provided in Section 3 above is available to serve, then the powers conferred and duties imposed by said Section 3 shall be vested in and devolve upon an Emergency Managing Committee consisting of all available directors, the then acting chief executive officer if he or she is available, and as many Vice Presidents or officers senior thereto as may be necessary to constitute a total of five committee members. If officers are needed to serve on the Emergency Managing Committee initially, or to fill vacancies from time to time, such vacancies shall be filled by the available Vice Presidents and officers senior thereto assigned to the head office as constituted prior to the emergency in order of their rank and seniority. If a sufficient number of such officers is not available, such vacancies shall be filled by other Vice Presidents selected by the incumbent members of the Emergency Managing Committee. Any two members of the Emergency Managing Committee and the then acting chief executive officer, if he or she is available, shall constitute a quorum of the Emergency Managing Committee and shall have and exercise all of the powers conferred and perform the duties imposed by this Section 4. If the then acting chief executive officer is not available, any three members of the Emergency Managing Committee shall constitute a quorum of said committee.

ARTICLE V

DEPOSITS

The Board of Directors shall have the right to establish the terms and conditions of agreements, rules and regulations upon which deposits may be made with and will be repaid by the Bank or any office of the Bank. Subject to the exercise of such right by the Board of Directors and to applicable law, and not inconsistent therewith, the chief executive officer of the Bank, or such

other officer or officers or committee whom he may authorize to perform this duty, or the designees of such officer, officers or committee, shall establish the terms and conditions of agreements, rules and regulations with respect to such deposits.

ARTICLE VI

INDEMNIFICATION

SECTION 1. ACTION, ETC. OTHER THAN BY OR IN THE RIGHT OF THE BANK.

The Bank shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding or investigation, whether civil, criminal or administrative, and whether external or internal to the Bank (other than a judicial action or suit brought by or in the right of the Bank), by reason of the fact that he or she is or was an Agent (as hereinafter defined) against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Agent in connection with such action, suit or proceeding, or any appeal therein, if the Agent acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Bank and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit or proceeding -- whether by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent -- shall not, of itself, create a presumption that the Agent did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Bank and, with respect to any criminal action or proceeding, that the Agent had reasonable cause to believe that his or her conduct was unlawful. For purposes of this Article, an "Agent" shall be any director, officer or employee of the Bank, or any person who, being or having been such a director, officer or employee, is or was serving at the request of the Bank as a director, officer, employee, trustee or agent of another bank, corporation, partnership, joint venture, trust or other enterprise.

SECTION 2. ACTION, ETC. BY OR IN THE RIGHT OF THE BANK. The Bank

shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed judicial action or suit brought by or in the right of the Bank to procure a judgment in its favor by reason of the fact that such person is or was an Agent (as defined above) against expenses (including attorneys' fees) and amounts paid in settlement actually and reasonably incurred by such person in connection with the defense, settlement or appeal of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Bank, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Bank unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

SECTION 3. DETERMINATION OF RIGHT OF INDEMNIFICATION OR

CONTRIBUTION. Unless otherwise ordered by a court, any indemnification under Section 1 or 2, and any contribution under Section 6, of this Article shall be made by the Bank or an Agent unless a determination is reasonably and promptly made, either (i) by the Board of Directors acting by a majority vote of a quorum consisting of directors who were not party to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or if obtainable and such quorum so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders, that such Agent acted in bad faith and in a manner that such Agent did not believe to be in or not opposed to the best interests of the Bank or, with respect to any criminal proceeding, that such Agent believed or had reasonable cause to believe that his or her conduct was unlawful.

SECTION 4. ADVANCES OF EXPENSES. Except as limited by Section 5 of

this Article, costs, charges and expenses (including attorneys' fees) incurred by an Agent in defense of any action, suit, proceeding or investigation of the nature referred to in Section 1 or 2 of this Article or any appeal therefrom shall be paid by the Bank in advance of the final disposition of such matter; provided, however, that if the General Corporation Law of Delaware then would by analogy so require, such payment shall be made only if the Agent shall undertake to reimburse the Bank for such payment in the event that it is ultimately determined, as provided herein, that such person is not entitled to indemnification.

SECTION 5. RIGHT OF AGENT TO INDEMNIFICATION OR ADVANCE UPON

APPLICATION; PROCEDURE UPON APPLICATION. Any indemnification under Section 1 or 2, or advance under Section 4, of this Article shall be made promptly and in any event within 90 days, upon written request of the Agent, unless with respect to an application under said Sections 1 or 2 an adverse determination is reasonably and promptly made pursuant to Section 3 of this Article or unless with respect to an application under said Section 4 an adverse determination is made pursuant to said Section 4. The right to indemnification or advances as granted by this Article shall be enforceable by the Agent in any court of competent jurisdiction if the Board of Directors or independent legal counsel improperly denies the claim, in whole or in part, or if no disposition of such claim is made with 90

days. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any action, suit or proceeding in advance of its final disposition where any required undertaking has been tendered to the Bank) that the Agent has not met the standards of conduct which would require the Bank to indemnify or advance the amount claimed, but the burden of proving such defense shall be on the Bank. Neither the failure of the Bank (including the Board of Directors, independent legal counsel and the stockholders) to have made a determination prior to the commencement of such action that indemnification of the Agent is proper in the circumstances because he or she has met the applicable standard of conduct, nor an actual determination by the Bank (including the Board of Directors, independent legal counsel and the stockholders) that the agent had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Agent had not met the applicable standard of conduct. The Agent's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Bank.

SECTION 6. CONTRIBUTION. In the event that the indemnification provided for in this Article is held by a court of competent jurisdiction to be unavailable to an Agent in whole or in part, then in respect of any threatened, pending or completed action, suit or proceeding in which the Bank is jointly liable with the Agent (or would be if joined in such action, suit or proceeding), to the extent that would by analogy be permitted by the General Corporation Law of Delaware the Bank shall contribute to the amount of expenses (including attorneys fees) judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by the Agent in such proportion as is appropriate to reflect (i) the relative benefits received by the Bank on the one hand and the Agent on the other from the transaction from which such action, suit or proceeding arose and (ii) the relative fault of the Bank on the one hand and of the Agent on the other in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of the Bank on the one hand and of the Agent on the other shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts.

SECTION 7. OTHER RIGHTS AND REMEDIES. Indemnification under this Article shall be provided regardless of when the events alleged to underlie any action, suit or proceeding may have occurred, shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors and administrators of such a person. All rights to indemnification and advancement of expenses under this Article shall be deemed to be provided by a contract between the Bank and the Agent who serves as such at any time while these By-Laws and other provisions of the General Corporation Law of Delaware that would by analogy be relevant and other applicable law, if any, are in effect. Any repeal or modification thereof shall not affect any rights or obligations then existing.

SECTION 8. INSURANCE. Upon resolution passed by the Board of Directors, the Bank may purchase and maintain insurance on behalf of any person who is or was an Agent against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, regardless of whether the Bank would have the power to indemnify such person against such liability under the provisions of this Article. The Bank may create a trust fund, grant a security interest or use other means, including without limitation a letter of credit, to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

SECTION 9. CONSTITUENT CORPORATIONS. For the purposes of the Article, references to the Bank include all constituent banks (including any constituent of a constituent) absorbed in a consolidation or merger as well as the resulting or surviving bank, so that any person who is or was a director, officer or employee of such a constituent bank or who, being or having been such a director, officer or employee, is or was serving at the request of such constituent bank as a director, officer, employee or trustee of another bank, corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving bank as such person would if he or she had served the resulting or surviving bank in the same capacity.

SECTION 10. OTHER ENTERPRISES; FINES; SERVING AT BANK'S REQUEST. For purposes of this Article, references to "other enterprise" in Section 1 and 9 shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Bank" shall include any service by an Agent as director, officer, employee, trustee or agent of the Bank which imposes duties on, or involves services by, such Agent with respect to any employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Bank" for purposes of this Article.

SECTION 11. SAVINGS CLAUSE. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Bank shall nevertheless indemnify each Agent as to expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit, appeal, proceeding or investigation, whether civil, criminal or administrative, and whether internal or external, including a grand jury proceeding and an action or suit brought by or in the right of the Bank, to the full extent permitted by the applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

SECTION 12. ACTIONS INITIATED BY AGENT. Anything to the contrary in this Article notwithstanding, the Bank shall indemnify any agent in connection with an action, suit or proceeding initiated by such Agent (other than actions, suits, or proceedings commenced pursuant to Section 5 of this Article) only if such action, suit or proceeding was authorized by the Board of Directors.

SECTION 13. STATUTORY AND OTHER INDEMNIFICATION. Notwithstanding any other provision of this Article, in any administrative proceeding or civil action not initiated by a federal bank regulatory agency, the Bank shall indemnify any Agent and advance expenses incurred by such Agent in any action, suit or proceeding of the nature referred to in Section 1 or 2 of this Article to the fullest extent that would by analogy be permitted by the General Corporation Law of Delaware, as the same may be amended from time to time, except that no amount shall be paid pursuant to this Article in the event of an adverse determination pursuant to Section 3 of this Article or in respect of remuneration to the extent that it shall be determined to have been paid in violation of law. The rights to indemnification and advancement of expenses provided by any provision of this Article, including without limitation those rights conferred by the preceding sentence, shall not be deemed exclusive of, and shall not affect, any other rights to which an Agent seeking indemnification or advancement of expenses may be entitled under any provision of any law, articles of association, by-law, agreement or by any vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while serving as an Agent. The Bank may also provide indemnification and advancement of expenses to other persons or entities to the extent deemed appropriate. Notwithstanding any provision in these By-Laws, an Agent shall be indemnified in any administrative proceeding or civil action initiated by a federal bank regulatory agency to the extent reasonable and consistent with the provisions of Section 1828(k) of Title 12 of the United States Code and the implementing regulations thereunder.

ARTICLE VII

MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK. All certificates of the Bank's stock shall be signed by the President or a Vice President and shall be countersigned by the Secretary or an Assistant Secretary and shall bear the corporate seal or a facsimile thereof.

SECTION 2. SEAL. The seal of the Bank shall be in the form of two concentric circles between which shall be the phrases "National Association" and "Formerly Wells Fargo Bank American Trust Company" and in the center of which shall be the words "Wells Fargo Bank" surrounded by a diamond of which the upper left and lower right sides shall consist of three lines and the upper right and lower left sides shall consist of a solid line of the same width as the three lines comprising the other two sides.

SECTION 3. EXECUTION OF WRITTEN INSTRUMENTS. All written instruments shall be binding upon the Bank if signed on its behalf by (i) any two of the following Officers: the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President or any Senior Managing Director or (ii) any one of the foregoing officers signing jointly with any Managing Director or any Senior Vice President. Whenever any other officer or person shall be authorized to execute any agreement, document or instrument by resolution of the Board of Directors, or by the Chief Executive Officer, or by any officer or committee designated by the Chief Executive Officer, or by any two of the officers identified in the immediately preceding sentence, such execution by such other officer or person shall be equally binding upon the Bank.

SECTION 4. OWNERSHIP INTERESTS IN OTHER ENTITIES. With respect to another corporation, limited liability company, partnership or any other legal entity in which the Bank has or may acquire an ownership interest, the Chairman of the Board, the President, the Chief Financial Officer or the Treasurer, acting alone, or any other officer or officers appointed from time to time by the Board of Directors or the Executive Committee thereof, may authorize, sign and deliver on behalf of the Bank (i) any proxy, written consent, ballot or other similar instrument solicited by the entity from its owners, (ii) any stock power, assignment, bill of sale or other instrument transferring all or any part of the Bank's ownership of the entity or any agreement, instrument or other document relating thereto and (iii) any purchase of stock or other ownership interest in or contribution to the capital of such entity or any agreement, instrument or other document authorizing or evidencing the same.

SECTION 5. AMENDMENTS. Subject to the right of the stockholders to adopt, amend or repeal By-Laws, these By-Laws may be altered, amended or

repealed by the affirmative vote of a majority of the authorized number of directors.

SECTION 6. CORPORATE GOVERNANCE. To the extent not inconsistent with applicable federal banking statutes or regulations or the safety and soundness of this Association, this Association hereby elects to follow the corporate governance procedures of the Delaware General Corporation Law, as the same may be amended from time to time.

EXHIBIT 6 TO FORM T-1

April 30, 2002

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request thereof.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Jeanie Mar

Jeanie Mar
Vice President

EXHIBIT 7 TO FORM T-1

Board of Governors of the Federal Reserve System
OMB Number 7100-0038
Federal Deposit Insurance Corporation
OMB Number 3054-0052
Office of the Commissioner of the Currency
OMB Number 1557-0081
Expires March 31, 2004

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

/1/

Please refer to page:
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the required disclosure
of estimated ???????

CONSOLIDATED REPORTS OF CONDITION AND INCOME FOR
A BANK WITH DOMESTIC AND FOREIGN OFFICES -- FFIEC 031

REPORT AT THE CLOSE OF BUSINESS DECEMBER 31, 2001

20011231

(RCRI 9999)

This report is required by law: 12 U.S.C. Section 324 (State member banks); 12 U.S.C. Section 1817 (State nonmember banks); and 12 U.S.C. Section 161 (National banks).

This report form is to be filed by banks with domestic offices only. Banks with foreign offices (as defined in the instructions) must file FFIEC 031.

NOTE: The Reports of Condition and Income must be signed by an authorized officer and the Report of Condition must be attested to by not less than two directors (trustees) for State nonmember banks and three directors for State member and National banks.

I, KAREN B. MARTIN, VICE PRESIDENT

Name and Title of Officer Authorized to Sign Report

of the named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

/s/ Karen B. Martin

Signature of Officer Authorized to Sign Report

1/30/02

Date of Signature

=====
The Reports of Conditions and Income are to be prepared in accordance with
Federal regulatory authority instructions.

We, the undersigned directors (trustees), attest to the correctness of the
Report of Condition (including the supporting schedules) for this report date
and declare that it has been examined by us and to the best of our knowledge
and belief has been prepared in conformance with the instructions issued by the
appropriate Federal regulatory authority and is true and correct.

/s/ Carrie L. Tolstedt

Director (Trustee)

/s/ Howard Atkins

Director (Trustee)

/s/ Clyde W. Ostler

Director (Trustee)

=====
SUBMISSION OF REPORTS

Each bank must prepare its Reports of Condition and Income either:

- (a) in electronic form and then file the computer data file directly with
the banking agencies' collection agent, Electronic Data Systems
Corporation (EDS), by modem or on computer diskette; or
(b) in hard-copy (paper) form and arrange for another party to convert the
paper report to electronic form. That party (if other than EDS) must
transmit the bank's computer data file to EDS.

For electronic filing assistance, contact EDS Call Report Services, 2150 N.
Prospect Ave., Milwaukee, WI 53202, telephone (800) 255-1571.

To fulfill the signature and attestation requirement for the Reports of
Condition and Income for this report date, attach this signature page (or a
photocopy or a computer-generated version of this page) to the hard-copy record
of the complete report that the bank places in its files.

FDIC Certificate Number: 0351*
(RCRI 9050)

http://www.wellsfargo.com

Primary Internet Web Address of Bank
(Home Page), if any (TEXT 4087)
(Example: www.examplebank.com)

WELLS FARGO BANK NATIONAL ASSOCIATION

Legal Title of Bank (TEXT 9010)

San Francisco

City (TEXT 9130)

CA 94104

State Abbrev. (TEXT 9200) Zip Code (Text 9220)

Board of Governors of the Federal Reserve System, Federal Deposit Insurance
Corporation, Office of the Comptroller of the Currency.

<S>
SIGNATURE PAGE

<C>
Cover

REPORT OF INCOME

Schedule RI - Income Statement	RI-1, 2, 3
Schedule RI-A - Changes in Equity Capital	RI-4
Schedule RI-B - Charge-offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses	RI-4, 5
Schedule RI-D - Income from International Operations	RI-6
Schedule RI-E - Explanations	RI-6, 7

DISCLOSURE OF ESTIMATED BURDEN

The estimated average burden associated with this information collection is 35.5 hours per respondent and is estimated to vary from 14 to 500 hours per response, depending on individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503, and to one of the following:

Secretary
Board of Governors of the Federal Reserve System
Washington, D.C. 20551

Legislative and Regulatory Analysis Division
Office of the Comptroller of the Currency
Washington, D.C. 20219

Assistant Executive Secretary
Federal Deposit Insurance Corporation
Washington, D.C. 20429

<TABLE>
<CAPTION>
REPORT OF CONDITION

<S>	<C>
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Schedule RC-A - Cash and Balances Due From Depository Institutions	RC-3
Schedule RC-B - Securities	RC-3, 4, 5
Schedule RC-C - Loans and Lease Financing Receivables: Part I. Loans and Leases Part II. Loans to Small Businesses and Small Farms (to be completed for the June report only; not included in the forms for the September and December reports)	RC-6, 7
Schedule RC-D - Trading Assets and Liabilities (to be completed only by selected banks)	RC-7a, 7b
Schedule RC-E - Deposit Liabilities	RC-8
Schedule RC-F - Other Assets	RC-9, 10
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Schedule RC-H - Selected Balance Sheet Items for Domestic Offices	RC-11
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Schedule RC-K - Quarterly Averages	RC-12
Schedule RC-L - Derivatives and Off-Balance Sheet Items	RC-13
Schedule RC-M - Memoranda	RC-14, 15
Schedule RC-N - Past Due and Nonaccrual Loans, Leases, and Other Assets	RC-16
Schedule RC-O - Other Data for Deposit Insurance and FICO Assessments	RC-17, 18
Schedule RC-R - Regulatory Capital	RC-19, 20
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Schedule RC-S - Securitization and Asset Sales Activities	RC-25, 26, 27, 27a
Schedule RC-T - Fiduciary and Related Services (to be completed beginning December 31, 2001)	RC-28, 29, 30
Optional Narrative Statement Concerning the Amounts Reported in the Reports of Condition and Income	RC-31

Special Report (to be completed by all banks)

</TABLE>

For information or assistance, national and state nonmember banks should contact the FDIC's Reports Analysis and Quality Control Section, 550 17th Street, NW, Washington, D.C. 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern time. State member banks should contact their Federal Reserve District Bank.

WELLS FARGO BANK NATIONAL ASSOCIATION
Legal Title of Bank
SAN FRANCISCO
City

FFIEC 031
RI-1
3

CA 94104
State Zip Code

FDIC Certificate Number - 03511

CONSOLIDATED REPORT OF INCOME
FOR THE PERIOD JANUARY 1, 2001 - DECEMBER 31, 2001

ALL REPORT OF INCOME SCHEDULES ARE TO BE REPORTED ON A CALENDAR YEAR-TO-DATE BASIS IN THOUSANDS OF DOLLARS.

SCHEDULE RI -- INCOME STATEMENT

<TABLE>
<CAPTION>

Thou	Dollar Amounts in Thousands	RIAD	Bil	Mil
<S>	<C>	<C>	<C>	
<C>				
1.	Interest Income:			
	a. Interest and fee income on loans:			
	(1) In domestic offices:			
1.a.1.a	(a) Loans secured by real estate	4011		3,393,000
1.a.1.b	(b) Loans to finance agricultural production and other loans to farmers	4024		151,000
1.a.1.c	(c) Commercial and industrial loans	4012		1,824,000
	(d) Loans to individuals for household, family, and other personal expenditures:			
0	1.a.1.d.1 (1) CREDIT CARDS	B485		
	(2) OTHER (INCLUDES SINGLE PAYMENT, INSTALLMENT, ALL STUDENT LOANS, AND REVOLVING CREDIT PLANS OTHER THAN CREDIT CARDS)	B486		331,000
1.a.1.d.2	(e) Loans to foreign governments and official institutions	4056		0
1.a.1.e	(f) ALL OTHER LOANS IN DOMESTIC OFFICES	B487		83,000
1.a.1.f	(2) In foreign offices, Edge and Agreement subsidiaries, and IBFs	4059		
1,000	1.a.2 (3) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(2))	4010		5,783,000
1.a.3	b. INCOME FROM LEASE FINANCING RECEIVABLES	4065		476,000
1.b	c. INTEREST INCOME ON BALANCES DUE FROM DEPOSITORY INSTITUTIONS: (1)	4115		137,000
1.c	d. Interest and dividend income on securities:			
	(1) U.S. TREASURY SECURITIES AND U.S. GOVERNMENT AGENCY OBLIGATIONS (EXCLUDING MORTGAGE-BACKED SECURITIES)	B488		
17,000	1.d.1 (2) MORTGAGE-BACKED SECURITIES	B489		423,000
1.d.2	(3) ALL OTHER SECURITIES (INCLUDES SECURITIES ISSUED BY STATES AND POLITICAL SUBDIVISIONS IN THE U.S.)	4060		
82,000	1.d.3 e. Interest income from trading assets	4069		78,000
1.e	f. Interest income on federal funds sold and securities purchased under agreements to resell	4020		
12,000	1.f g. OTHER INTEREST INCOME	4518		
23,000	1.g h. Total interest income (sum of items 1.a.(3) through 1.g)	4107		7,031,000
1.h	2. Interest expense:			
	a. Interest on deposits:			
	(1) Interest on deposits in domestic offices:			
	(a) Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508		22,000
2.a.1.a				

FDIC Certificate Number - 03511

SCHEDULE RI -- CONTINUED

<TABLE>
<CAPTION>

Date		RIAD	Year-to-	
			Bil	Mil

MEMORANDA	Dollar Amounts in Thousands	RIAD	Bil	Mil
Thou				

<S>	<C>	<C>	<C>	
<C>				
1.	Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	4513		4,000
M.1				
2.	Income from the sale and servicing of mutual funds and annuities in domestic offices (included in Schedule RI, item 8)	8431		357,000
M.2				
3.	INCOME ON TAX-EXEMPT LOANS AND LEASES TO STATES AND POLITICAL SUBDIVISIONS IN THE U.S. (INCLUDED IN SCHEDULE RI, ITEMS 1.a AND 1.b)	4313		7,000
M.3				
4.	Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))	4507		20,000
M.4				
5.	Number of full-time equivalent employees at end of current period (round to nearest whole number)	4150		NUMBER
47,267	M.5			
6.	Not applicable			
7.	If the reporting bank has restated its balance sheet as a result of applying push down accounting this calendar year, report the date of the bank's acquisition (1)	9106	CCYY / MM / DD	N/A
M.7				
8.	Trading revenue (from cash instruments and derivative instruments) (sum of Memorandum items 8.a through 8.d must equal Schedule RI, item 5.c) (TO BE COMPLETED BY BANKS THAT REPORTED AVERAGE TRADING ASSETS (SCHEDULE RC-K, ITEM 7) OF \$2 MILLION OR MORE FOR ANY QUARTER OF THE PRECEDING CALENDAR YEAR.):			

</TABLE>

Thou		RIAD	Bil Mil	

<S>	<C>	<C>	<C>	
<C>				
M.8.a	a. Interest rate exposures	8757		101,000
M.8.b	b. Foreign exchange exposures	8758		146,000
M.8.c	c. Equity security and index exposures	8759		0
0	M.8.d	8760		

Thou		RIAD	Bil Mil	

<S>	<C>	<C>	<C>	
<C>				
9.	Impact on income of derivatives held for purposes other than trading:	RIAD	Bil	Mil
M.9.a	a. Net increase (decrease) to interest income	8761		659,000
M.9.b	b. Net (increase) decrease to interest expense	8762		(8,000)
0	M.9.c	8763		
M.10	10. Credit losses on derivatives (see instructions)	A251		0
M.11	11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year ?	A530	YES / NO	NO

</TABLE>

(1) For example, a bank acquired on June 1, 2001, would report 20010601
WELLS FARGO BANK NATIONAL ASSOCIATION FFIEC 031
Legal Title of Bank RI-4

1.c.1	(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	5411	4,000	5412	1,000
1.c.2	(2) Closed-end loans secured by 1-4 family residential properties	5413	6,000	5414	5,000
1.d	d. Secured by multifamily (5 or more) residential properties in domestic offices	3588	2,000	3589	3,000
1.e	e. Secured by nonfarm nonresidential properties in domestic offices	3590	15,000	3591	14,000
1.f	f. IN FOREIGN OFFICES	B512	0	B513	0
2	Loans to depository institutions and acceptances of other banks:				
2.a	a. To U.S. banks and other U.S. depository institutions	4653	0	4663	0
2.b	b. To foreign banks	4654	0	4664	0
3	Loans to finance agricultural production and other loans to farmers	4655	6,000	4665	3,000
4	Commercial and industrial loans:				
4.a	a. To U.S. addressees (domicile)	4645	348,000	4617	58,000
4.b	b. To non-U.S. addressees (domicile)	4646	2,000	4618	0
5	Loans to individuals for household, family, and other personal expenditures:				
5.a	a. CREDIT CARDS	B514	0	B515	0
5.b	b. OTHER (INCLUDES SINGLE PAYMENT, INSTALLMENT, ALL STUDENT LOANS AND REVOLVING CREDIT PLANS OTHER THAN CREDIT CARDS)	B516	85,000	B517	33,000

</TABLE>

- - - - -

(1) Include write-downs arising from transfers of loans to the held-for-sale account.

WELLS FARGO BANK NATIONAL ASSOCIATION
Legal Title of Bank

FFIEC 031
RI-5

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FDIC Certificate Number - 03511

SCHEDULE RI-B -- CONTINUED

PART I. CONTINUED

<TABLE>
<CAPTION>

	(Column A) Charge-offs (1)				(Column B) Recoveries			
	RIAD	Bil	Mil	Thou	RIAD	Bil	Mil	Thou
Calendar year-to-date								

6. Loans to foreign governments and official institutions	4643		0		4627			0
7. All other loans	4644		27,000		4628			4,000
8. Lease financing receivables:								
a. To U.S. addressees (domicile)	4658		72,000		4668			26,000
b. To non-U.S. addressees (domicile)	4659		0		4669			0
9. Total (sum of items 1 through 8)	4635		568,000		4605			147,000

<TABLE>
<CAPTION>

	(Column A) Charge-offs (1)				(Column B) Recoveries			
	RIAD	Bil	Mil	Thou	RIAD	Bil	Mil	Thou
Calendar year-to-date								

Dollar Amounts in Thousands	RIAD	Bil	Mil	Thou	RIAD	Bil	Mil	Thou

3.b and 3.c)	4843	N/A
3.d		
4. Estimated pretax income attributable to international operations before capital allocation adjustment (sum of items 2 and 3.d)	4844	N/A
4		
5. Adjustment to pretax income for internal allocations to international operations to reflect the effects of equity capital on overall bank funding costs	4845	N/A
5		
6. Estimated pretax income attributable to international operations after capital allocation adjustment (sum of items 4 and 5)	4846	N/A
6		
7. Income taxes attributable to income from international operations as estimated in item 6	4797	N/A
7		
8. Estimated net income attributable to international operations (item 6 minus 7)	4341	N/A
8		

</TABLE>

WELLS FARGO BANK NATIONAL ASSOCIATION
Legal Title of Bank

FFIEC 031
RI-7

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FDIC Certificate Number - 03511

SCHEDULE RI-E -- EXPLANATIONS

SCHEDULE RI-E IS TO BE COMPLETED EACH QUARTER ON A CALENDAR YEAR-TO-DATE BASIS.

Detail all adjustments in Schedules RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

<TABLE>

<CAPTION>

		Dollar Amounts in Thousands			Year-to-Date		
			RIAD	-----			
				Bil	Mil	Thou	

<S>	<C>	<C>	<C>	<C>	<C>	<C>	
1.	OTHER NONINTEREST INCOME (FROM SCHEDULE RI, ITEM 5.1) ITEMIZE AND DESCRIBE THE THREE LARGEST AMOUNTS THAT EXCEED 1% OF THE SUM OF SCHEDULE RI, ITEMS 1.h AND 5.m:						
	TEXT						
1.a	a. C013 Income and fees from the printing and sale of checks		C013		0		
1.b	b. C014 Earnings on/increase in value of cash surrender value of life insurance		C014		0		
1.c	c. C016 Income and fees from automated teller machines (ATMs)		C016		0		
1.d	d. 4042 Rent and other income from other real estate owned		4042		0		
1.e	e. C015 Safe deposit box rent		C015		0		
1.f	f. 4461 Loan Origination Fees		4461		710,000		
1.g	g. 4462 Intercompany Allocation		4462		394,000		
1.h	h. 4463 Credit Card Fees		4463		142,000		
2.	OTHER NONINTEREST EXPENSE (FROM SCHEDULE RI, ITEM 7.d): ITEMIZE AND DESCRIBE THE THREE LARGEST AMOUNTS THAT EXCEED 1% OF THE SUM OF OF SCHEDULE RI, ITEMS 1.h AND 5.m:						
	TEXT						
2.a	a. C017 Data processing expenses		C017		0		
2.b	b. 0497 Advertising and marketing expenses		0497		179,000		
2.c	c. 4136 Director's fees		4136		0		
2.d	d. C018 Printing, stationary, and supplies		C018		0		
2.e	e. 8403 Postage		8403		0		
2.f	f. 4141 Legal fees and expenses		4141		0		
2.g	g. 4146 FDIC deposit insurance assessments		4146		0		
2.h	h. 4464 Service from Intercompany Affiliates		4464		519,000		
2.I	I. 4467 Professional Fees		4467		409,000		
2.j	j. 4468 Telephone Expense		4468		143,000		
3.	Extraordinary items and other adjustments and applicable income tax effect (from Schedule RI, item 11) (itemize and describe all						

CONSOLIDATED REPORT OF CONDITION FOR INSURED COMMERCIAL AND STATE-CHARTERED SAVINGS BANKS FOR DECEMBER 31, 2001

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

SCHEDULE RC -- BALANCE SHEET

<TABLE>
<CAPTION>

Dollar Amounts in Thousands		RCFD	Bil	Mil	Thou

<S>	<C>	<C>	<C>		
ASSETS					
1.	Cash and balances due from depository institutions (from Schedule RC-A):				
1.a	a. Noninterest-bearing balances and currency and coin (1)	0081		8,537,000	
1.b	b. Interest-bearing balances (2)	0071		3,744,000	
2.	Securities:				
2.a	a. Held-to-maturity securities (from Schedule RC-B, column A)	1754		0	
2.b	b. Available-for-sale securities (from Schedule RC-B, column D)	1773		6,395,000	
3.	Federal funds sold and securities purchased under agreements to resell	1350		247,000	
4.	Loans and lease financing receivables (from Schedule RC-C):				
4.a	a. LOANS AND LEASES HELD FOR SALE	5369		16,886,000	
4.b	b. LOANS AND LEASES, NET OF UNEARNED INCOME	B528		78,378,000	
4.c	c. LESS: Allowance for loan and lease losses	3123		1,445,000	
4.d	d. LOANS AND LEASES, NET OF UNEARNED INCOME AND ALLOWANCE (ITEM 4.b MINUS 4.c)	B529		76,933,000	
5.	Trading assets (from Schedule RC-D)	3545		4,283,000	
6.	Premises and fixed assets (including capitalized leases)	2145		1,632,000	
7.	Other real estate owned (from Schedule RC-M)	2150		97,000	
8.	Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	2130		256,000	
9.	Customers' liability to this bank on acceptances outstanding	2155		39,000	
10.	Intangible assets:				
10.a	a. GOODWILL	3163		5,396,000	
10.b	b. OTHER INTANGIBLE ASSETS (FROM SCHEDULE RC-M)	0426		6,916,000	
11.	Other assets (from Schedule RC-F)	2160		9,314,000	
12.	Total assets (sum of items 1 through 11)	2170		140,675,000	

</TABLE>

- (1) Includes cash items in process of collection and unposted debits.
- (2) Includes time certificates of deposit not held for trading.

WELLS FARGO BANK NATIONAL ASSOCIATION
Legal Title of Bank

FFIEC 031
RC-2

SCHEDULE RC -- CONTINUED

<TABLE>
<CAPTION>

Dollar Amounts in Thousands		RCFN	Bil	Mil	Thou

<S>	<C>	<C>	<C>	<C>	<C>

LIABILITIES

13. Deposits:

a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)			2200
73,644,000	13.a		
(1) Noninterest-bearing (1)		6631	26,090,000
13.a.1	(2) Interest-bearing	6636	47,554,000
13.a.2	b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)		RCFN 2200
5,433,000	13.b		
(1) Noninterest-bearing		6631	2,000
13.b.1	(2) Interest-bearing	6636	5,431,000 RCFD
13.b.2			
14. Federal funds purchased and securities sold under agreements to repurchase			2800
23,616,000	14		
15. Trading liabilities (from Schedule RC-D)			3548
3,281,000	15		
16. OTHER BORROWED MONEY (INCLUDES MORTGAGE INDEBTEDNESS AND OBLIGATIONS UNDER CAPITALIZED LEASES) (FROM SCHEDULE RC-M):			3190
6,114,000	16		
17. Not applicable			
18. Bank's liability on acceptances executed and outstanding			2920
39,000	18		
19. Subordinated notes and debentures(2)			3200
5,540,000	19		
20. Other liabilities (from Schedule RC-G)			2930
6,794,000	20		
21. Total liabilities (sum of items 13 through 20)			2948
124,461,000	21		
22. MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES			3000
28,000	22		
EQUITY CAPITAL			
23. Perpetual preferred stock and related surplus			3838
0	23		
24. Common stock			3230
520,000	24		
25. Surplus (exclude all surplus related to preferred stock)			3839
13,232,000	25		
26. a. Retained earnings			3632
2,132,000	26.a		
b. ACCUMULATED OTHER COMPREHENSIVE INCOME (3)			B530
302,000	26.b		
27. OTHER EQUITY CAPITAL COMPONENTS (4)			A130
0	27		
28. Total equity capital (sum of items 23 through 27)			3210
16,186,000	28		
29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)			3300
140,675,000	29		

MEMORANDUM

TO BE REPORTED ONLY WITH THE MARCH REPORT OF CONDITION.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2000			RCFD	NUMBER
N/A	M. 1		6724	

</TABLE>

- 1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
- 2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
- 3 = ATTESTATION ON BANK MANAGEMENT'S ASSERTION ON THE EFFECTIVENESS OF THE BANK'S INTERNAL CONTROL OVER FINANCIAL REPORTING BY A CERTIFIED PUBLIC ACCOUNTING FIRM
- 4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)
- 5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
- 6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

- -----

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.

(2) Includes limited-life preferred stock and related surplus.

(3) Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.

(4) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

WELLS FARGO BANK NATIONAL ASSOCIATION FFIEC 031
Legal Title of Bank RC-3

FDIC Certificate Number - 03511 13

SCHEDULE RC-A -- CASH AND BALANCES DUE FROM DEPOSITORY INSTITUTIONS

Exclude assets held for trading.

<TABLE>
<CAPTION>

(Column B)		(Column A)					
Domestic		Consolidated					
Offices		Bank					

		Dollar Amounts in Thousands		RCFD	Bil Mil Thou	RCON	Bil
Mil Thou		-----					

<S>				<C>	<C>	<C>	<C>
<C>							
1.	Cash items in process of collection, unposted debits, and currency and coin			0022	8,130,000		
1	a. Cash items in process of collection and unposted debits					0020	
6,643,000	1.a						
	b. Currency and coin					0080	
1,487,000	1.b						
2.	Balance due from depository institutions in the U.S.					0082	
3,544,000	2						
	a. U.S. branches and agencies of foreign banks (including their IBFs)			0083	88,000		
2.a							
	b. Other commercial banks in the U.S. and other depository institutions in the U.S. (including their IBFs)			0085	3,544,000		
2.b							
3.	Balances due from banks in foreign countries and foreign central banks					0070	
491,000	3						
	a. Foreign branches of other U.S. banks			0073	471,000		
3.a							
	b. Other banks in foreign countries and foreign central banks			0074	20,000		
3.b							
4.	Balances due from Federal Reserve Banks			0090	28,000	0090	
28,000	4						
5.	Total (sum of items 1 through 4) (total of column A must equal Schedule RC, sum of items 1.a and 1.b)			0010	12,281,000	0010	
12,193,000	5						

SCHEDULE RC-B -- SECURITIES

Exclude assets held for trading.

<TABLE>
<CAPTION>

		Held-to-maturity	Available-for-sale		

(Column D)	(Column A)	(Column B)	(Column C)		
Fair Value	Amortized Cost	Fair Value	Amortized Cost		

Dollar Amounts in Thousands Mil Thou	RCFD	Bil	Mil	Thou	RCFD	Bil	Mil	Thou	RCFD	Bil	Mil	Thou	RCFD	Bil	Mil	Thou
<S>	<C>	<C>			<C>	<C>			<C>	<C>			<C>	<C>		
1. U.S. Treasury securities 72,000 1	0211		0		0213		0		1286		71,000		1287			
2. U.S. Government agency obligations (exclude mortgage-backed securities):																
a. Issued by U.S. Government agencies (1)	1289		0		1290		0		1291		10,000		1293			
10,000 2.a																
b. Issued by U.S. Government-sponsored agencies (2)	1294		0		1295		0		1297		143,000		1298			
150,000 2.b																
3. SECURITIES ISSUED BY STATES AND POLITICAL SUBDIVISIONS IN THE U.S.	8496		0		8497		0		8498		351,000		8499			
365,000 3																

(1) Includes Small Business Administration 'Guaranteed Loan Pool Certificates,' U.S. Maritime Administration obligations, and Export - Import Bank participation certificates.

(2) Includes obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, The Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financing Corporation, Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

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SCHEDULE RC-B -- CONTINUED

(Column D) Value	Held-to-maturity				Available-for-sale											
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		Fair									
Dollar Amounts in Thousands Mil Thou	RCFD	Bil	Mil	Thou	RCFD	Bil	Mil	Thou	RCFD	Bil	Mil	Thou	RCFD	Bil	Mil	Thou
<S>	<C>	<C>			<C>	<C>			<C>	<C>			<C>	<C>		
4. Mortgage-backed securities (MBS):																
a. Pass-through securities:																
(1) Guaranteed by GNMA 1,792,000 4.a.1	1698		0		1699		0		1701		1,783,000		1702			
(2) Issued by FNMA and FHLMC 2,487,000 4.a.2	1703		0		1705		0		1706		2,460,000		1707			
(3) Other pass-through securities 8,000 4.a.3	1709		0		1710		0		1711		7,000		1713			
b. Other mortgage-backed securities (include CMOs, REMICs and stripped MBS):																
(1) Issued or guaranteed by FNMA, FHLMC, or GNMA 34,000 4.b.1	1714		0		1715		0		1716		33,000		1717			
(2) Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA 0 4.b.2	1718		0		1719		0		1731		0		1732			

(3) All other mortgage-backed securities	1733	0	1734	0	1735	842,000	1736
839,000 4.b.3							
5. ASSET-BACKED SECURITIES (ABS):							
a. CREDIT CARD RECEIVABLES	B838	0	B839	0	B840	1,000	B841
1,000 5.a							
b. HOME EQUITY LINES	B842	0	B843	0	B844	0	B845
0 5.b							
c. AUTOMOBILE LOANS	B846	0	B847	0	B848	0	B849
0 5.c							
d. OTHER CONSUMER LOANS	B850	0	B851	0	B852	0	B853
0 5.d							
e. COMMERCIAL AND INDUSTRIAL LOANS	B854	0	B855	0	B856	0	B857
0 5.e							
f. OTHER	B858	0	B859	0	B860	0	B861
0 5.f							
6. Other debt securities:							
a. Other domestic debt securities	1737	0	1738	0	1739	632,000	1741
625,000 6.a							
b. Foreign debt securities	1742	0	1743	0	1744	4,000	1746
4,000 6.b							
7. Investments in mutual funds and other equity securities with readily determinable fair values (1)					A510	8,000	A511
8,000 7							
8. Total (sum of items 1 through 7) (total of Column A must equal Schedule RC item 2.a) (total of column D must equal Schedule RC, item 2.b)	1754	0	1771	0	1772	6,345,000	1773
6,395,000 8							

- - - - -

(1) Report Federal Reserve stock, Federal Home Loan Bank stock, and banker's bank stock in Schedule RC-F, item 4.
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SCHEDULE RC-B -- CONTINUED

MEMORANDA	Dollar Amounts in Thousands	RCFD	Bil	Mil	Thou
<S>		<C>			
<C>					
1. Pledged securities (1)		0416		387,000	
M.1					
2. Maturity and repricing data for debt securities (1,2) (excluding those in nonaccrual status):					
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of: (3,4)					
(1) Three months or less		A549		85,000	
M.2.a.1					
(2) Over three months through 12 months		A550		134,000	
M.2.a.2					
(3) Over one year through three years		A551		177,000	
M.2.a.3					
(4) Over three years through five years		A552		179,000	
M.2.a.4					
(5) Over five years through 15 years		A553		521,000	
M.2.a.5					
(6) Over 15 years		A554		121,000	
M.2.a.6					
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of: (3,5)					
(1) Three months or less		A555		73,000	

item 4.a and 4.b) 2122 95,264,000 2122
 95,244,000 12

</TABLE>

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SCHEDULE RC-C -- CONTINUED

PART I. CONTINUED

MEMORANDA	Dollar Amounts in Thousands	RCFD	Bil	Mil	Thou

<S>		<C>		<C>	
<C>					
1. LOANS AND LEASES RESTRUCTURED AND IN COMPLIANCE WITH MODIFIED TERMS (INCLUDED IN SCHEDULE RC-C, PART I, AND NOT REPORTED AS PAST DUE OR NONACCRUAL IN SCHEDULE RC-N, MEMORANDUM ITEM 1) (EXCLUDE LOANS SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES AND LOANS TO INDIVIDUALS FOR HOUSEHOLD, FAMILY, AND OTHER PERSONAL EXPENDITURES)		1616			0
M.1					
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):					
a. Closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of: (1,2)		RCN			
(1) Three months or less		A564	17,500,000		
M.2.a.1					
(2) Over three months through 12 months		A565	662,000		
M.2.a.2					
(3) Over one year through three years		A566	202,000		
M.2.a.3					
(4) Over three years through five years		A567	1,058,000		
M.2.a.4					
(5) Over five years through 15 years		A568	12,317,000		
M.2.a.5					
(6) Over 15 years		A569	913,000		
M.2.a.6					
b. All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of: (1,3)		RCFD			
(1) Three months or less		A570	35,946,000		
M.2.b.1					
(2) Over three months through 12 months		A571	5,719,000		
M.2.b.2					
(3) Over one year through three years		A572	6,344,000		
M.2.b.3					
(4) Over three years through five years		A573	9,117,000		
M.2.b.4					
(5) Over five years through 15 years		A574	4,478,000		
M.2.b.5					
(6) Over 15 years		A575	406,000		
M.2.b.6					
c. Loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)		A247	40,642,000		
M.2.c					
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column A (4)		2746	5,064,000		
M.3					
4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (included in Schedule RC-C, part I, item 1.c.(2)(a), column B)		RCN			
		5370	12,650,000		
M.4					
5. LOANS SECURED BY REAL ESTATE TO NON-U.S. ADDRESSES (DOMICILE) (INCLUDED IN SCHEDULE RC-C, PART I, ITEM 1, COLUMN A)		RCFD			
		B837			0
M.5					
</TABLE>					

- -----

- (1) Report fixed rate loans and leases by remaining maturity and floating rate loans by next repricing date.
- (2) Sum of Memorandum items 2.a.(1) through 2.a.(6) plus total nonaccrual closed-end loans secured by first liens on 1-4 family residential properties in domestic offices included in Schedule RC-N, item 1.c.(2),

column C must equal total closed-end loans secured by first liens on 1-4 family residential properties from Schedule RC-C, part I, item 1.c.(2)(a), column B

(3) Sum of Memorandum items 2.b.(1) through 2.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 8, column C, minus nonaccrual closed-end loans secured by first liens on 1-4 family residential properties in domestic offices included in Schedule RC-N, item 1.c.(2), column C, must equal total loans and leases from Schedule RC-C, Part I, sum of items 1 through 10, column A, minus total closed-end loans secured by first liens on 1-4 family residential properties in domestic offices from Schedule RC-C, part I, item 1.c.(2)(a), column B.

(4) Exclude loans secured by real estate that are included in Schedule RC-C, part I, item 1, column A.

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SCHEDULE RC-D -- TRADING ASSETS AND LIABILITIES

SCHEDULE RC-D IS TO BE COMPLETED BY BANKS THAT REPORTED AVERAGE TRADING ASSETS (SCHEDULE RC-K, ITEM 7) OF \$2 MILLION OR MORE FOR ANY QUARTER OF THE PRECEDING YEAR.

<TABLE>

<CAPTION>

	Dollar Amounts in Thousands	RCON	Bil	Mil	Thou
<S>		<C>	<C>		<C>
ASSETS					
1. U.S. Treasury securities in domestic offices		3531		309,000	1
2. U.S. Government agency obligations in domestic offices (exclude mortgage-backed securities)		3532		288,000	2
3. Securities issued by states and political subdivisions in the U.S. in domestic offices		3533		7,000	3
4. Mortgage-backed securities (MBS) in domestic offices:					
a. Pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA		3534		0	4.a
b. Other mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA (include CMOs, REMICs, and stripped MBS)		3535		0	4.b
c. All other mortgage-backed securities		3536		145,000	4.c
5. Other debt securities in domestic offices		3537		0	5
6.-8. Not applicable					
9. Other trading assets in domestic offices		3541		980,000	9
		RCFN			
10. Trading assets in foreign offices		3542		0	10
11. Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts:		RCON			
a. In domestic offices		3543		2,554,000	11.a
		RCFN			
b. In foreign offices		3543		0	11.b
12. Total trading assets (sum of items 1 through 11) (must equal Schedule RC, item 5)		RCFD			
		3545		4,283,000	12

</TABLE>

<TABLE>

<CAPTION>

		RCFD	Bil	Mil	Thou
<S>		<C>	<C>		<C>
LIABILITIES					
13. Liability for short positions		3546		726,000	13
14. Revaluation losses on interest rate, foreign exchange rate, and other commodity and equity contracts		3547		2,555,000	14
15. Total trading liabilities (sum of items 13 and 14) (must equal Schedule RC, item 15)		3548		3,281,000	15

</TABLE>

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SCHEDULE RC-E -- DEPOSIT LIABILITIES

PART I. DEPOSITS IN DOMESTIC OFFICES

<TABLE>

<CAPTION>

Nontransaction

Transaction Accounts

Accounts

(Column C)	(Column A) Total	(Column B)
Total	transaction	MEMO: TOTAL
nontransaction	accounts	DEMAND
accounts	(including	DEPOSITS
(including	total	(INCLUDED IN
MMDAs)	demand deposits)	COLUMN A)

	Dollar Amounts in Thousands	RCON	Bil	Mil	Thou	RCON	Bil	Mil	Thou	RCON	Bil	Mil
<S>		<C>	<C>			<C>	<C>			<C>	<C>	
DEPOSITS OF:												
1. Individuals, partnerships and corporations (INCLUDE ALL CERTIFIED AND OFFICIAL CHECKS)		B549		16,533,000						B550		
54,691,000 1												
2. U.S. Government		2202		50,000						2520		
0 2												
3. States and political subdivisions in the U.S.		2203		467,000						2530		
88,000 3												
4. COMMERCIAL BANKS AND OTHER DEPOSITORY INSTITUTIONS IN THE U.S.		B551		1,815,000						B552		
0 4												
5. Banks in foreign countries		2213		0						2236		
0 5												
6. Foreign governments, and official institutions (including foreign central banks)		2216		0						2377		
0 6												
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)		2215		18,865,000		2210		18,199,000		2385		
54,779,000 7												

MEMORANDA	Dollar Amounts in Thousands	RCON	Bil	Mil	Thou
<S>		<C>	<C>		
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):					
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts		6835		1,696,000	
M.1.a					
b. Total brokered deposits		2365		0	
M.1.b					
c. Fully insured brokered deposits (included in Memorandum item 1.b above):					
(1) Issued in denominations of less than \$100,000		2343		0	
M.1.c.1					
(2) Issued either in denominations of \$100,000 or in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less		2344		0	
M.1.c.2					
d. Maturity data for brokered deposits:					
(1) Brokered deposits issued in denominations of less than \$100,000 with a remaining maturity of one year or less (included in Memorandum item 1.c.(1) above)		A243		0	
M.1.d.1					
(2) Brokered deposits issued in denominations of \$100,000 or more with a remaining maturity of one year or less (included in Memorandum item 1.b above)		A244		0	
M.1.d.2					
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (TO BE COMPLETED FOR THE DECEMBER REPORT ONLY)		5590		430,000	
M.1.e					
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.c must equal item 7, column C, above):					
a. Savings deposits:					
(1) Money market deposit accounts (MMDAs)		6810		21,229,000	
M.2.a.1					
(2) Other savings deposits (excludes MMDAs)		0352		24,077,000	
M.2.a.2					

b. Total time deposits of less than \$100,000	6648	6,088,000
M.2.b		
c. Total time deposits of \$100,000 or more	2604	3,385,000
M.2.c		

</TABLE>

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SCHEDULE RC-E -- CONTINUED

Part I. Continued

<TABLE>

<CAPTION>

Memoranda (continued)	Dollar Amounts in Thousands	RCON	Bil	Mil	Thou

<S>		<C>	<C>		<C>
3. Maturity and repricing data for time deposits of less than \$100,000:					
a. Time deposits of less than \$100,000 with a remaining maturity or next repricing date of (1,2)					
(1) Three months or less		A579	2,314,000		M.3.a.1
(2) Over three months through 12 months		A580	2,676,000		M.3.a.2
(3) Over one year through three years		A581	803,000		M.3.a.3
(4) Over three years		A582	295,000		M.3.a.4
b. Time deposits of less than \$100,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) through 3.a.(4) above) (3)		A241	4,990,000		M.3.b
4. Maturity and repricing data for time deposits of \$100,000 or more:					
a. Time deposits of \$100,000 or more with a remaining maturity or next repricing date of (1,4)					
(1) Three months or less		A584	1,588,000		M.4.a.1
(2) Over three months through 12 months		A585	1,351,000		M.4.a.2
(3) Over one year through three years		A586	335,000		M.4.a.3
(4) Over three years		A587	111,000		M.4.a.4
b. Time deposits of \$100,000 or more with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) through 4.a.(4) above) (3)		A242	2,939,000		M.4.b

</TABLE>

- - - - -

- (1) Report fixed rate time deposits by remaining maturity and floating rate time deposits by next repricing date.
- (2) Sum of Memorandum items 3.a.(1) through 3.a.(4) must equal Schedule RC-E Memorandum item 2.b.
- (3) Report both fixed and floating rate time deposits by remaining maturity. Exclude floating rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
- (4) Sum of Memorandum items 4.a.(1) through 4.a.(4) must equal Schedule RC-E, Memorandum item 2.c

PART II. DEPOSITS IN FOREIGN OFFICES (INCLUDING EDGE AND AGREEMENT SUBSIDIARIES AND IBFS)

<TABLE>

<CAPTION>

	Dollar Amounts in Thousands	RCON	Bil	Mil	Thou

<S>		<C>	<C>		<C>
Deposits of:					
1. INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS (INCLUDE ALL CERTIFIED AND OFFICIAL CHECKS)		B553	4,161,000		1
2. U.S. BANKS (INCLUDING IBFS AND FOREIGN BRANCHES OF U.S. BANKS) AND OTHER U.S. DEPOSITORY INSTITUTIONS		B554	903,000		2
3. Foreign banks (including U.S. branches and agencies of foreign banks, including their IBFs)		2625	369,000		3
4. Foreign governments and official institutions (including foreign central banks)		2650	0		4
5. U.S. GOVERNMENT AND STATES AND POLITICAL SUBDIVISIONS IN THE U.S.		B555	0		5
6. Total (sum of items 1 through 5) (must equal Schedule RC, item 13.b)		2200	5,433,000		6

</TABLE>

<TABLE>

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MEMORANDA	Dollar Amounts in Thousands	RCON	Bil	Mil	Thou

<S>		<C>	<C>		<C>
1. Time deposits with a remaining maturity of one year or less (included in Part II, item 6 above)		A245	5,330,000		M.1

</TABLE>

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SCHEDULE RC-F -- OTHER ASSETS

<TABLE>
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		Dollar Amounts in Thousands		RCFD	Bil Mil
Thou					

<S>		<C>	<C>	<C>	<C>
<C>					
1.	ACCRUED INTEREST RECEIVABLE (1)			B556	
487,000	1				
2.	Net deferred tax assets (2)			2148	
0	2				
3.	Interest-only strips receivable (not in the form of a security) (3) on:				
	a. Mortgage loans			A519	
1,458,000	3.a				
	b. Other financial assets			A520	
151,000	3.b				
4.	EQUITY SECURITIES THAT DO NOT HAVE READILY DETERMINABLE FAIR VALUES (4)			1752	
721,000	4				
5.	Other (itemize and describe amounts greater than \$25,000 that exceed 25% of this item)			2168	
6,497,000	5				
	TEXT				
	a. 2166 Prepaid expenses	2166		0	
5.a					
	b. C009 Cash surrender value of life insurance	C009		0	
5.b					
	c. 1578 Repossessed personal property (including vehicles)	1578		0	
5.c					
	d. C010 Derivatives with a positive fair value held for purposes other than trading	C010		0	
5.d					
	e. 3549 Accounts Receivable	3549	5,413,000		
5.e					
	f. 3550	3550	N/A		
5.f					
	g. 3551	3551	N/A		
5.g					
6.	Total (sum of items 1 through 5) (must equal Schedule RC, item 11)			2160	
9,314,000	6				

SCHEDULE RC-G -- OTHER LIABILITIES

<TABLE>
 <CAPTION>

		Dollar Amounts in Thousands		RCFN	Bil Mil
Thou					

<S>		<C>	<C>	<C>	<C>
<C>					
1.	a. Interest accrued and unpaid on deposits in domestic offices(5)			3645	
43,000	1.a				
	b. Other expenses accrued and unpaid (includes accrued income taxes payable)			RCFD	
1,930,000	1.b			3646	
2.	Net deferred tax liabilities (2)			3049	
2,614,000	2				
3.	ALLOWANCE FOR CREDIT LOSSES ON OFF-BALANCE SHEET CREDIT EXPOSURES			B557	
0	3				
4.	Other (itemize and describe amounts greater than \$25,000 that exceed 25% of this item)			2938	
2,207,000	4				
	TEXT				
	a. 3066 Accounts payable	3066	1,758,000		
4.a					
	b. C011 Deferred compensation liabilities	C011		0	
4.b					
	c. 2932 Dividends declared but not yet payable	2932		0	
4.c					
	d. C012 Derivatives with a negative fair value held for purposes other than trading	C012		0	
4.d					
	e. 3552	3552	N/A		
4.e					

f. 3553	3553	N/A
4.f		
g. 3554	3554	N/A
4.g		
5. Total (sum of items 1 through 4) (must equal Schedule RC, item 20)		2930
6,794,000 5		

</TABLE>

-
- (1) Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets.
 - (2) See discussion of deferred income taxes in Glossary entry on "income taxes."
 - (3) Report interest-only strips receivable in the form of a security as available-for sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
 - (4) Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock
 - (5) For savings banks, includes "dividends" accrued and unpaid on deposits.

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SCHEDULE RC-H -- SELECTED BALANCE SHEET ITEMS FOR DOMESTIC OFFICES

<TABLE>
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Dollar Amounts in Thousands	Domestic Offices		
	RCON	Bil	Mil Thou
<S>	<C>	<C>	
1. Customers' liability to this bank on acceptances outstanding	2155	39,000	1
2. Bank's liability on acceptances executed and outstanding	2920	39,000	2
3. Federal funds sold and securities purchased under agreements to resell	1350	247,000	3
4. Federal funds purchased and securities sold under agreements to repurchase	2800	23,616,000	4
5. Other borrowed money	3190	6,114,000	5
EITHER			
6. Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs OR	2163	N/A	6
7. Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs	2941	5,072,000	7
8. Total assets (excludes net due from foreign offices, Edge and Agreement subsidiaries, and IBFs)	2192	140,314,000	8
9. Total liabilities (excludes net due to foreign offices, Edge and Agreement subsidiaries, and IBFs)	3129	119,028,000	9
IN ITEMS 10-17 REPORT THE AMORTIZED (HISTORICAL) COST OF BOTH HELD-TO-MATURITY AND AVAILABLE-FOR-SALE SECURITIES IN DOMESTIC OFFICES.			
10. U.S. Treasury securities	1039	71,000	10
11. U.S. Government agency obligations (exclude mortgage-backed securities)	1041	153,000	11
12. Securities issued by states and political subdivisions in the U.S.	1042	351,000	12
13. Mortgage-backed securities (MBS):			
a. Pass-through securities:			
(1) Issued or guaranteed by FNMA, FHLMC, or GNMA	1043	4,243,000	
13.a.1			
(2) Other pass-through securities	1044	7,000	
13.a.2			
b. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS):			
(1) Issued or guaranteed by FNMA, FHLMC, or GNMA	1209	33,000	
13.b.1			
(2) All other mortgage-backed securities	1280	842,000	
13.b.2			
14. Other domestic debt securities (include domestic asset-backed securities)	1281	633,000	14
15. Foreign debt securities (include foreign asset-backed securities)	1282	4,000	15
16. Investments in mutual funds and other equity securities with readily determinable fair values	A510	8,000	16
17. Total amortized (historical) cost of both held-to-maturity and available-for-sale securities (sum of items 10 through 16)	1374	6,345,000	17
18. Equity securities that do not have readily determinable fair values	1752	721,000	18

SCHEDULE RC-I -- SELECTED ASSETS AND LIABILITIES OF IBFs

TO BE COMPLETED ONLY BY BANKS WITH IBFs AND OTHER "FOREIGN" OFFICES.

<TABLE>
<CAPTION>

	Dollar Amounts in Thousands	RCFN	Bil	Mil	Thou
<S>		<C>	<C>		
<C>					
1. Total IBF assets of the consolidated bank (component of Schedule RC, item 12)		2133	20,000		1
2. Total IBF liabilities (component of Schedule RC, item 21)		2898	1,000		2

</TABLE>

WELLS FARGO BANK NATIONAL ASSOCIATION FFIEC 031
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SCHEDULE RC-K--QUARTERLY AVERAGES (1)

<TABLE>
<CAPTION>

	Dollar Amounts in Thousands	RCFD	Bil	Mil	Thou
<S>		<C>	<C>		<C>
ASSETS					
1. Interest-bearing balances due from depository institutions		3381	3,478,000		1
2. U.S. TREASURY SECURITIES AND U.S. GOVERNMENT AGENCY OBLIGATIONS (2) (EXCLUDING MORTGAGE-BACKED SECURITIES)		B558	229,000		2
3. MORTGAGE-BACKED SECURITIES (2)		B559	5,055,000		3
4. ALL OTHER SECURITIES (2, 3) (INCLUDES SECURITIES ISSUED BY STATES AND POLITICAL SUBDIVISIONS IN THE U.S.)		B560	1,019,000		4
5. Federal funds sold and securities purchased under agreements to resell		3365	88,000		5
6. Loans:					
a. Loans in domestic offices:		RCON			
(1) Total loans		3360	87,516,000		6.a.1
(2) Loans secured by real estate		3385	56,497,000		6.a.2
(3) Loans to finance agricultural production and other loans to farmers		3386	2,323,000		6.a.3
(4) Commercial and industrial loans		3387	22,015,000		6.a.4
(5) Loans to individuals for household, family, and other personal expenditures:					
(a) CREDIT CARDS		B561	26,000		
6.a.5.a (b) OTHER (INCLUDES SINGLE PAYMENT, INSTALLMENT, ALL STUDENT LOANS, AND REVOLVING CREDIT PLANS OTHER THAN CREDIT CARDS)		B562	4,799,000		
6.a.5.b					
b. Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs		RCON			
		3360	10,000		6.b
		RCFD			
7. Trading assets		3401	4,666,000		7
8. Lease financing receivables (net of unearned income)		3484	5,599,000		8
9. Total assets(4)		3368	136,847,000		9

LIABILITIES

10. Interest-bearing transaction accounts in domestic (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) (exclude demand deposits)		RCON			
		3485	595,000		10
11. Nontransaction accounts in domestic offices:					
a. SAVINGS DEPOSITS (INCLUDES MMDAS)		B563	44,442,000		11.a
b. Time deposits of \$100,000 or more		A514	3,462,000		11.b
c. Time deposits of less than \$100,000		A529	6,204,000		11.c
		RCON			
12. Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs		3404	6,562,000		12
		RCFD			
13. Federal funds purchased and securities sold under agreements to repurchase		3353	19,403,000		13
14. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)		3355	8,895,000		14

</TABLE>

(1) For all items, banks have the option of reporting either (1) an average of DAILY figures for the quarter, or (2) an average of WEEKLY figures (i.e., the Wednesday of each week of the quarter).

(2) Quarterly averages for all debt securities should be based on amortized cost.

(3) Quarterly averages for all equity securities should be based on historical cost.

(4) The quarterly averages for total assets should reflect all debt securities (not held for trading) at amortized cost, equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost.

WELLS FARGO BANK NATIONAL ASSOCIATION FFIEC 031

SCHEDULE RC-L--DERIVATIVES AND OFF-BALANCE SHEET ITEMS

Please read carefully the instructions for Some of the amounts the preparation of Schedule RC-L. reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

<TABLE>

<CAPTION>

Mil Thou		Dollar Amounts in Thousands		RCFD	Bil

<S>		<C>	<C>	<C>	<C>
<C>					
1. Unused commitments:					
a. Revolving, open-end lines secured by 1-4 family residential properties, e.g., home equity lines					
10,127,000	1.a			3814	
b. Credit card lines					
5,367,000	1.b			3815	
c. Commercial real estate, construction, and land development:					
(1) Commitments to fund loans secured by real estate					
4,083,000	1.c.1			3816	
(2) Commitments to fund loans not secured by real estate					
4,833,000	1.c.2			6550	
d. Securities underwriting					
0	1.d			3817	
e. Other unused commitments					
26,706,000	1.e			3818	
2. Financial standby letters of credit and foreign office guarantees					
932,000	2			3819	
a. Amount of financial standby letters of credit conveyed to others					
		3820	120,000		
3. Performance standby letters of credit and foreign office guarantees					
3,038,000	3.			3821	
a. Amount of performance standby letters of credit conveyed to others					
		3822	243,000		
4. Commercial and similar letters of credit					
175,000	4			3411	
5. Participations in acceptances (as described in the instructions) conveyed to others by the reporting bank					
2,000	5			3428	
6. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)					
3,362,000	6			3433	
7. Notional amount of credit derivatives:					
a. Credit derivatives on which the reporting bank is the guarantor					
882,000	7.a			A534	
b. Credit derivatives on which the reporting bank is the beneficiary					
965,000	7.b			A535	
8. Spot foreign exchange contracts					
1,027,000	8			8765	
9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 28, "Total equity capital")					
2,879,000	9			3430	
TEXT					
a. 3432 Securities borrowed					
		3432	2,879,000		
b. 3434 Commitments to purchase when-issued securities					
		3434	0		
c. 3555					
		3555	N/A		
d. 3556					
		3556	N/A		
e. 3557					
		3557	N/A		
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25% Schedule RC item 28., "Total equity capital")					
0	10			5591	
TEXT					
a. 3435 Commitments to sell when-issued securities					
		3435	0		
b. 5592					
		5592	N/A		
c. 5593					
		5593	N/A		

10.c d. 5594 5594 N/A
 10.d e. 5595 5595 N/A
 10.e

</TABLE>
 WELLS FARGO BANK NATIONAL ASSOCIATION
 Legal Title of Bank

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 RC-15

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SCHEDULE RC-L--CONTINUED

<TABLE>
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Dollar Amounts in Thousands Derivatives Position Indicators	(Column A) Interest Rate Contracts			(Column B) Foreign Exchange Contracts			
	Bil	Mil	Thou	Tril	Bil	Mil	Thou
<S>	<C>			<C>			
11. Gross amounts (e.g., notional amounts) (for each column, sum of items 11.a through 11.e must equal sum of items 12 and 13):							
a. Futures contracts			RCFD 8693				RCFD 8694
			23,026,000				0
			RCFD 8697				RCFD 8698
b. Forward contracts			155,456,000				8,614,000
c. Exchange-traded option contracts:			RCFD 8701				RCFD 8702
(1) Written options			233,963,000				0
			RCFD 8705				RCFD 8706
(2) Purchased options			245,053,000				0
d. Over-the-counter option contracts:			RCFD 8709				RCFD 8710
(1) Written options			47,744,000				260,000
			RCFD 8713				RCFD 8714
(2) Purchased options			47,699,000				275,000
			RCFD 3450				RCFD 3826
e. Swaps			93,159,000				0
12. Total gross notional amount of derivative contracts held for trading			RCFD A126				RCFD A127
			237,901,000				9,149,000
13. Total gross notional amount of derivative contracts held for purposes other than trading			RCFD 8725				RCFD 8726
			608,199,000				0
a. Interest rate swaps where the bank has agreed to pay a fixed rate			RCFD A589				
			34,126,000				
14. Gross fair values of derivative contracts:							
a. Contracts held for trading:			RCFD 8733				RCFD 8734
(1) Gross positive fair value			2,516,000				0
			RCFD 8737				RCFD 8738
(2) Gross negative fair value			2,450,000				248,000
b. Contracts held for purposes other than trading:			RCFD 8741				RCFD 8742
(1) Gross positive fair value			1,435,000				196,000
			RCFD 8745				RCFD 8746
(2) Gross negative fair value			679,000				0

</TABLE>

<TABLE>
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Dollar Amounts in Thousands Derivatives Position Indicators	(Column C) Equity Derivative Contracts				(Column D) Commodity and Other Contracts				
	Tril	Bil	Mil	Thou	Tril	Bil	Mil	Thou	
<S>	<C>				<C>				<C>
11. Gross amounts (e.g., notional amounts) (for each column, sum of items 11.a through 11.e must equal sum of items 12 and 13):									
a. Futures contracts				RCFD 8695				RCFD 8696	
				0				0	11.a
				RCFD 8699				RCFD 8700	
b. Forward contracts				0				0	11.b
c. Exchange-traded option contracts:				RCFD 8703				RCFD 8704	
(1) Written options				0				0	11.c.1
				RCFD 8707				RCFD 8708	
(2) Purchased options				2,000				0	11.c.2
d. Over-the-counter option contracts:				RCFD 8711				RCFD 8712	
(1) Written options				745,000				93,000	11.d.1
				RCFD 8715				RCFD 8716	
(2) Purchased options				745,000				93,000	11.d.2
				RCFD 8719				RCFD 8720	
e. Swaps				1,840,000				41,000	11.e
12. Total gross notional amount of				RCFD 8723				RCFD 8724	

derivative contracts held for trading	3,332,000	227,000	12
13. Total gross notional amount of derivative contracts held for purposes other than trading	RCFD 8727 0	RCFD 8728 0	13
a. Interest rate swaps where the bank has agreed to pay a fixed rate			13.a
14. Gross fair values of derivative contracts:			
a. Contracts held for trading:	RCFD 8735	RCFD 8736	
(1) Gross positive fair value	57,000	11,000	14.a.1
(2) Gross negative fair value	RCFD 8739 59,000	RCFD 8740 11,000	14.a.2
b. Contracts held for purposes other than trading:	RCFD 8743	RCFD 8744	
(1) Gross positive fair value	1,000	0	14.b.1
(2) Gross negative fair value	RCFD 8747 0	RCFD 8748 0	14.b.2

</TABLE>

WELLS FARGO BANK NATIONAL ASSOCIATION
Legal Title of Bank

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SCHEDULE RC-M--MEMORANDA

<TABLE>

<CAPTION>

	Dollar Amounts in Thousands		RCFD	Bil
Mil Thou				

<S>		<C>	<C>	<C>
<C>				
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:				
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests			6164	
44,000 1.a				
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of total capital as defined for this purpose in agency regulations		NUMBER		
1.b	6165	16		
2. INTANGIBLE ASSETS OTHER THAN GOODWILL:				
a. Mortgage Servicing Assets			3164	
6,286,000 2.a				
(1) Estimated fair value of mortgage servicing assets	A590	6,418,000		
2.a.1				
b. Purchased credit card relationships and nonmortgage servicing assets			B026	
2,000 2.b				
c. All other identifiable intangible assets			5507	
628,000 2.c				
d. TOTAL (SUM OF ITEMS 2.a, 2.b, AND 2.c) (MUST EQUAL SCHEDULE RC, ITEM 10.b)			0426	
6,916,000 2.d				
3. Other real estate owned:				
a. Direct and indirect investments in real estate ventures			5372	
24,000 3.a				
b. All other real estate owned:			RCON	
(1) CONSTRUCTION, LAND DEVELOPMENT, AND OTHER LAND IN DOMESTIC OFFICES			5508	
0 3.b.1				
(2) Farmland in domestic offices			5509	
0 3.b.2				
(3) 1-4 family residential properties in domestic offices			5510	
35,000 3.b.3				
(4) Multifamily (5 or more) residential properties in domestic offices			5511	
0 3.b.4				
(5) Nonfarm nonresidential properties in domestic offices			5512	
38,000 3.b.5				
(6) In foreign offices			RCFN	
0 3.b.6			5513	
c. Total (sum of items 3.a and 3.b) (must equal Schedule RC, item 7)			RCFD	
97,000 3.c			2150	
4. Investments in unconsolidated subsidiaries and associated companies:				
a. Direct and indirect investments in real estate ventures			5374	
4,000 4.a				
b. All other investments in unconsolidated subsidiaries and associated companies			5375	
252,000 4.b				
c. Total (sum of items 4.a and 4.b) (must equal Schedule RC, item 8)			2130	
256,000 4.c				

5.	OTHER BORROWED MONEY:		
	a. FEDERAL HOME LOAN BANK ADVANCES:		
	(1) WITH A REMAINING MATURITY OF ONE YEAR OR LESS		2651
0	5.a.1		
	(2) WITH A REMAINING MATURITY OF MORE THAN ONE YEAR THROUGH THREE YEARS		B565
0	5.a.2		
	(3) WITH A REMAINING MATURITY OF MORE THAN THREE YEARS		B566
0	5.a.3		
	b. OTHER BORROWINGS:		
	(1) WITH A REMAINING MATURITY OF ONE YEAR OR LESS		B571
6,051,000	5.b.1		
	(2) WITH A REMAINING MATURITY OF MORE THAN ONE YEAR THROUGH THREE YEARS		B567
5,000	5.b.2		
	(3) WITH A REMAINING MATURITY OF MORE THAN THREE YEARS		B568
58,000	5.b.3		
	c. TOTAL (SUM OF ITEMS 5.a.(1) THROUGH 5.b.(3) MUST EQUAL SCHEDULE RC, ITEM 16)		3190
6,114,000	5.c		

</TABLE>
<CAPTION>

YES / NO		
<S>		<C> <C>
<C>		
6. DOES THE REPORTING BANK SELL PRIVATE LABEL OR THIRD PARTY MUTUAL FUNDS AND ANNUITIES?		B569
YES 6		

</TABLE>
<CAPTION>

Mil Thou		RCFD	Bil
<S>		<C>	<C>
<C>			

7. ASSETS UNDER THE REPORTING BANK'S MANAGEMENT IN PROPRIETARY MUTUAL FUNDS AND ANNUITIES		B570
0 7		

WELLS FARGO BANK NATIONAL ASSOCIATION FFIEC 031
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SCHEDULE RC-N--PAST DUE AND NONACCRUAL LOANS, LEASES, AND OTHER ASSETS

</TABLE>
<CAPTION>

(Column C) Nonaccrual	(Column A) Past due 30 through 89 days and still accruing			(Column B) Past due 90 days or more and still accruing			
	-----	-----	-----	-----	-----	-----	
Mil Thou	Dollar Amounts in Thousands	RCON	Bil Mil Thou	RCON	Bil Mil Thou	RCON	Bil
<S>		<C>	<C>	<C>	<C>	<C>	<C>
<C>							

1. Loans secured by real estate:						
a. CONSTRUCTION, LAND DEVELOPMENT, AND OTHER LAND LOANS IN DOMESTIC OFFICES	2759	81,000	2769	26,000	3492	
2,000 1.a						
b. Secured by farmland in domestic offices	3493	5,000	3494	0	3495	
38,000 1.b						
c. Secured by 1-4 family residential properties in domestic offices:						
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	5398	32,000	5399	3,000	5400	
15,000 1.c.1						
(2) Closed-end loans secured by 1-4 family residential properties	5401	670,000	5402	104,000	5403	
62,000 1.c.2						
d. Secured by multifamily (5 or more) residential properties in domestic offices	3499	5,000	3500	0	3501	
10,000 1.d						
e. Secured by nonfarm nonresidential properties in domestic offices	3502	55,000	3503	2,000	3504	

included in total deposits in domestic offices)	3520	0	3
4. Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (not included in total deposits):			
a. Demand deposits of consolidated subsidiaries	2211	0	4.a
b. Time and savings deposits (1) of consolidated subsidiaries	2351	0	4.b
c. Interest accrued and unpaid on deposits of consolidated subsidiaries	5514	0	4.c
5. Deposits in insured branches in Puerto Rico and U.S. territories and possessions:			
a. Demand deposits in insured branches (included in Schedule RC-E, Part II)	2229	0	5.a
b. Time and saving deposits (1) in insured branches (included in Schedule RC-E, Part II)	2383	0	5.b
c. Interest accrued and unpaid on deposits in insured branches (included in Schedule RC-G, item 1.b)	5515	0	5.c
6. Reserve balances actually passed through to the Federal Reserve by the reporting bank on behalf of its respondent depository institutions that are also reflected as deposit liabilities of the reporting bank:			
a. Amount reflected in demand deposits (included in Schedule RC-E, Part I, Item 7 column B)	2314	0	6.a
b. Amount reflected in time and savings deposits (1) (included in Schedule RC-E, Part I, Item 7, column A or C, but not column B)	2315	0	6.b
7. Unamortized premiums and discounts on time and savings deposits: (1,2)			
a. Unamortized premiums	5516	0	7.a
b. Unamortized discounts	5517	0	7.b
8. TO BE COMPLETED BY BANKS WITH "OAKAR DEPOSITS".			
a. Deposits purchased or acquired from other FDIC-insured institutions during the quarter (exclude deposits purchased or acquired from foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions):			
(1) Total deposits purchased or acquired from other FDIC-insured institutions during the quarter	A531	0	8.a.1
(2) Amount of purchased or acquired deposits reported in item 8.a.(1) above attributable to a secondary fund (i.e., BIF members report deposits attributable to SAIF; SAIF members report deposits attributable to BIF)	A532	0	8.a.2
b. Total deposits sold or transferred to other FDIC-insured institutions during the quarter (exclude sales or transfers by the reporting bank of deposits in foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions)	A533	0	8.b

</TABLE>

- - - - -

(1) For FDIC and FICO insurance assessment purposes, "time and savings deposits" consists of nontransaction accounts and all transaction accounts other than demand deposits.

(2) Exclude core deposit intangibles.

WELLS FARGO BANK NATIONAL ASSOCIATION
Legal Title of Bank

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RC-20

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SCHEDULE RC-O--CONTINUED

<TABLE>
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	Dollar Amounts in Thousands		RCN	Bil	Mil
Thou					

<S>	<C>	<C>	<C>	<C>	
<C>					
9. Deposits in lifeline accounts			5596		
9					
10. Benefit-responsive "Depository Institution Investment Contracts" (included in total deposits in domestic offices)			8432		
0 10					
11. Adjustments to demand deposits in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions reported in Schedule RC-E for certain reciprocal demand balances :					
a. Amount by which demand deposits would be reduced if the reporting bank's reciprocal demand balances with the domestic offices of U.S. banks and savings associations and insured branches in Puerto Rico and U.S. territories and possessions that were reported on a gross basis in Schedule RC-E had been reported on a net basis			8785		
0 11.a					
b. Amount by which demand deposits would be increased if the reporting bank's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions) that were reported on a net basis in Schedule RC-E had been reported on a gross basis			A181		
0 11.b					

c. Amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of the reporting bank's net reciprocal demand balances with the domestic offices of U.S. banks and savings associations and insured branches in Puerto Rico and U.S. territories and possessions in Schedule RC-E A182

0 11.c

12. Amount of assets netted against deposit liabilities in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles (exclude amounts related to reciprocal demand balances):

a. Amount of assets netted against demand deposits A527

0 12.a

b. Amount of assets netted against time and savings deposits A528

0 12.b

</TABLE>

<TABLE>
<CAPTION>
MEMORANDA (TO BE COMPLETED EACH QUARTER EXCEPT AS NOTED)

Dollar Amounts in Thousands RCON Bil | Mil

| Thou

<S> <C> <C> <C> <C>

<C>

1. Total deposits in domestic offices of the bank (sum of Memorandum items 1.a.(1) and 1.b.(1) must equal Schedule RC, item 13.a):

a. Deposit accounts of \$100,000 or less: 2702

(1) Amount of deposit accounts of \$100,000 or less

41,279,000 M.1.a 1

(2) Number of deposit accounts of \$100,000 or less NUMBER

(TO BE COMPLETED FOR THE JUNE REPORT ONLY) 3779 N/A

M.1.a 2

b. Deposit accounts of more than \$100,000:

(1) Amount of deposit accounts of more than \$100,000 2710

32,365,000 M.1.b 1

(2) Number of deposit accounts of more than \$100,000 NUMBER

M.1.b 2 2722 91,807

2. Estimated amount of uninsured deposits in domestic offices of the bank:

a. An estimate of your bank's uninsured deposits can be determined by multiplying the number of deposit accounts of more than \$100,000 reported in Memorandum item 1.b.(2) above by \$100,000 and subtracting the result from the amount of deposit accounts of more than \$100,000 reported in Memorandum item 1.b.(1) above.

Indicate in the appropriate box at right whether your bank has a method or procedure for determining a better estimate of uninsured deposits than the

NO RCON YES /

estimate described above 6861

NO M.2.a

b. If the box marked YES has been checked, report the estimate of uninsured deposits determined by using your bank's method or procedure Bil | Mil

0 M.2.b 5597

3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report or Thrift Financial Report ?

If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:

TEXT RCON FDIC

CERT NO. A545

A545 A545

N/A M.3

</TABLE>

WELLS FARGO BANK NATIONAL ASSOCIATION FFIEC 031

Legal Title of Bank RC-21

FDIC Certificate Number - 03511 31

SCHEDULE RC-R--REGULATORY CAPITAL

<TABLE>
<CAPTION>

Dollar Amounts in Thousands RCON Bil | Mil

| Thou

	<C>	<C>	<C>	<C>
TIER 1 CAPITAL				
1. Total equity capital (from Schedule RC, item 28)			3210	
16,186,000 1				
2. LESS: Net unrealized gains (losses) on available-for-sale securities (1) (if a gain, report as a positive value; if a loss, report as a negative value)			8434	
34,000 2				
3. LESS: Net unrealized loss on available-for-sale EQUITY securities (1) (report loss as a positive value)			A221	
0 3				
4. LESS: Accumulated net gains (losses) on cash flow hedges (1) (if a gain, report as a positive value; if a loss, report as a negative value)			4336	
268,000 4				
5. LESS: Nonqualifying perpetual preferred stock			B588	
0 5				
6. Qualifying minority interests in consolidated subsidiaries			B589	
28,000 6				
7. LESS: Disallowed goodwill and other disallowed intangible assets			B590	
5,800,000 7				
8. LESS: Disallowed servicing assets and purchased credit card relationships			B591	
510,000 8				
9. LESS: Disallowed deferred tax assets			5610	
0 9				
10. Other additions to (deductions from) Tier 1 capital			B592	
0 10				
11. Tier 1 capital (sum of items 1, 6, and 10, less items 2, 3, 4, 5, 7, 8, and 9)			8274	
9,602,000 11				
TIER 2 CAPITAL				
12. Qualifying subordinated debt and redeemable preferred stock			5306	
4,801,000 12				
13. Cumulative perpetual preferred stock includible in Tier 2 capital			B593	
0 13				
14. Allowance for loan and lease losses includible in Tier 2 capital			5310	
1,445,000 14				
15. Unrealized gains on available-for-sale equity securities includible in Tier 2 capital			2221	
0 15				
16. Other Tier 2 capital components			B594	
0 16				
17. Tier 2 capital (sum of items 12 through 16)			5311	
6,246,000 17				
18. Allowable Tier 2 capital (lesser of item 11 or 17)			8275	
6,246,000 18				
19. Tier 3 capital allocated for market risk			1395	
0 19				
20. LESS: Deductions for total risk-based capital			B595	
0 20				
21. Total risk-based capital (sum of items 11, 18, and 19, less item 20)			3792	
15,848,000 21				
TOTAL ASSETS FOR LEVERAGE RATIO				
22. Average total assets (from Schedule RC-K, item 9)			3368	
136,847,000 22				
23. LESS: Disallowed goodwill and other disallowed intangible assets (from item 7 above)			B590	
5,800,000 23				
24. LESS: Disallowed servicing assets and purchased credit card relationships (from item 8 above)			B591	
510,000 24				
25. LESS: Disallowed deferred tax assets (from item 9 above)			5610	
0 25				
26. LESS: Other deductions from assets for leverage capital purposes			B596	
0 26				
27. Average total assets for leverage capital purposes (item 22 less items 23 through 26)			A224	
130,537,000 27				
ADJUSTMENTS FOR FINANCIAL SUBSIDIARIES				
28. Adjustment to total risk-based capital reported in item 21			B503	
135,000 28				
29. Adjustment to risk-weighted assets reported in item 62			B504	
7,000 29				
30. Adjustment to average total assets reported in item 27			B505	
83,000 30				
CAPITAL RATIOS				
(Column B is to be completed by all banks. Column A is to be completed by banks with financial subsidiaries)			(Column A)	
(Column B)				
	RCFD	Percentage	RCFD	
Percentage				
31. Tier 1 leverage ratio (2)	7273	7.31%	7204	

34. Cash and balances due from depository institutions (Column A equals the sum of Schedule RC, items 1.a and 1.b)	RCFD B600 1,515,000	RCFD B601 10,766,000	
34			
B606			
35. Held-to-maturity securities	0	0	
0 35			
	RCFD B604	RCFD B605	RCFD
B611			
36. Available-for-sale securities	1,864,000	2,679,000	
70,000 36			
37. Federal funds sold and securities purchased under agreements to resell	0	247,000	
37			
	RCFD B618	RCFD B619	RCFD
B620			
38. Loans and leases held for sale	0	2,014,000	
14,872,000 38			
	RCFD B623	RCFD B624	RCFD
B625			
39. Loans and leases, net of unearned income (1)	0	885,000	
14,451,000 39			
40. LESS: Allowance for loan and lease losses			
40			
	RCFD B628	RCFD B629	RCFD
B630			
41. Trading assets	0	0	
0 41			
	RCFD B641	RCFD B642	RCFD
B643			
42. All other assets (2)	409,000	2,815,000	
1,749,000 42			
	RCFD 5320	RCFD 5327	RCFD
5334			
43. Total assets (sum of items 34 through 42)	3,788,000	19,406,000	
31,142,000 43			

</TABLE>

<TABLE>
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(Column F)

BALANCE SHEET ASSET CATEGORIES Dollar Amounts in Thousands	100%		
	Bil	Mil	Thou
<S>	<C>		<C>
34. Cash and balances due from depository institutions (Column A equals the sum of Schedule RC, items 1.a and 1.b)	RCFD B602 0		34
	RCFD B607		
35. Held-to-maturity securities	0		35
	RCFD B612		
36. Available-for-sale securities	1,732,000		36
37. Federal funds sold and securities purchased under agreements to resell	0		37
	RCFD B621		
38. Loans and leases held for sale	0		38
	RCFD B626		
39. Loans and leases, net of unearned income (1)	63,042,000		39
40. LESS: Allowance for loan and lease losses			40
	RCFD B631		
41. Trading assets	0		41
	RCFD 5339		
42. All other assets (2)	10,909,000		42
	RCFD 5340		
43. Total assets (sum of items 34 through 42)	75,683,000		43

</TABLE>

(1) Include any allocated transfer risk reserve in column B.

(2) Includes premises and fixed assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customers' liability on acceptances outstanding, intangible assets, and other assets.

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SCHEDULE RC-R--CONTINUED

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Dollar Amounts in Thousands	(Column A) Face Value or Notional Amount			Credit Conversion Factor	(Column B) Credit Equivalent Amount (1)		
	Bil	Mil	Thou		Bil	Mil	Thou
<S>	<C>			<C>	<C>		
DERIVATIVES AND OFF-BALANCE SHEET ITEMS	RCFD 3819				RCFD B645		
44. Financial standby letters of credit	932,000			1.00	932,000 44		
45. Performance standby letters of of credit	RCFD 3821 3,038,000			.50	RCFD B650 1,519,000 45		
46. Commercial and similar letters of credit	RCFD 3411 175,000			.20	RCFD B655 35,000 46		
47. Risk participations in bankers acceptances acquired by the reporting institution	RCFD 3429 0			1.00	RCFD B660 0 47		
48. Securities lent	RCFD 3433 3,362,000			1.00	RCFD B664 3,362,000 48		
49. Retained recourse on small business obligations sold with recourse	RCFD A250 0			1.00	RCFD B669 0 49		
50. Retained recourse on financial assets sold with low-level recourse	RCFD 1727 1,480,000			* Below M	RCFD 2243 14,166,000 50		
51. All other financial assets sold with recourse	RCFD B675 22,000			1.00	RCFD B676 22,000 51		
52. All other off-balance sheet liabilities	RCFD B681 0			1.00	RCFD B682 0 52		
53. Unused commitments with an original maturity exceeding one year	RCFD 3833 41,242,000			.50	RCFD B687 20,621,000 53 RCFD A167		
54. Derivative contracts					5,848,000 54		

<TABLE>
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Dollar Amounts in Thousands	(Column C)			(Column D) Allocation by Risk Weight Category			(Column E)			(Column F)		
	0%	20%	50%	100%								
Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou
<S>	<C>			<C>			<C>			<C>		
DERIVATIVES AND OFF-BALANCE SHEET ITEMS	RCFD B646			RCFD B647			RCFD B648			RCFD		
B649												
44. Financial standby letters of credit	0			120,000			0					
812,000 44												
45. Performance standby letters of of credit	RCFD B651			RCFD B652			RCFD B653			RCFD		
B654												
1,397,000 45												
46. Commercial and similar letters of credit	RCFD B656			RCFD B657			RCFD B658			RCFD		
B659												
35,000 46												
47. Risk participations in bankers acceptances acquired by the reporting institution	RCFD B661			RCFD B662						RCFD		
B663												
0 47												
	RCFD B665			RCFD B666			RCFD B667			RCFD		
B668												
48. Securities lent	0			3,362,000			0					
0 48												
49. Retained recourse on small business obligations sold with recourse	RCFD B670			RCFD B671			RCFD B672			RCFD		
B673												
0 49												
50. Retained recourse on financial assets sold with low-level recourse										RCFD		
B674												
14,166,000 50												
51. All other financial assets sold with recourse	RCFD B677			RCFD B678			RCFD B679			RCFD		
B680												
22,000 51												
52. All other off-balance sheet liabilities	RCFD B683			RCFD B684			RCFD B685			RCFD		
B686												
0 52												
53. Unused commitments with an original maturity exceeding one year	RCFD B688			RCFD B689			RCFD B690			RCFD		
B691												
15,557,000 53												

54. Derivative contracts	RCFD B693	RCFD B694	RCFD B695
54	851,000	3,429,000	1,568,000

</TABLE>

* Or institution-specific factor. Entering an 'M' allows for data entry in Column B.

(1) Column A multiplied by credit conversion factor.

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SCHEDULE RC-R--CONTINUED

<TABLE>

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(Column F)	(Column C)			(Column D)			(Column E)		
	Allocation by Risk Weight Category								
	0%			20%			50%		
100%	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou
Dollar Amounts in Thousands	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou
Mil Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou

<S>	<C>			<C>			<C>		
<C>	<C>			<C>			<C>		
TOTALS	<C>			<C>			<C>		

55. Total assets, derivatives, and off-balance sheet	RCFD B696	RCFD B697	RCFD B698
RCFD B699			
items by risk weight category (for each column,	4,639,000	26,439,000	37,774,000
107,672,000 55			
sum of items 43 through 54)			
56. Risk weight factor	* 0%	* 20%	* 50%
* 100% 56			

57. Risk-weighted assets by risk weight category (for	RCFD B700	RCFD B701	RCFD B702
RCFD B703			
each column, item 55 multiplied by item 56)	0	5,287,800	18,887,000
107,672,000 57			

RCFD 1651
58. Market risk equivalent assets
1,416,000 58

59. Risk-weighted assets before deductions for excess
RCFD B704
allowance for loan and lease losses and allocated
133,262,800 59
transfer risk reserve (sum of item 57, columns C
through F, and item 58)

RCFD A222
60. LESS: Excess allowance for loan and lease losses
0 60

RCFD 3128
61. LESS: Allocated transfer risk reserve
0 61

RCFD A223
62. Total risk-weighted assets (item 59 minus items
133,262,800 62
60 and 61)

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Memoranda

	Dollar Amounts in Thousands	RCFD	Bil Mil Thou
<S>		<C>	<C>
1. Current credit exposure across all derivative contracts covered by the		8764	4,269,000 M.1
risk-based capital standards			

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With a remaining maturity of
(Column A) (Column B)

enhancements	0	0	0
8,000 2.b			
3. Reporting bank's unused commitments to provide liquidity to structures reported in item 1	RCFD B726	RCFD B727	RCFD B728
0 3	0	0	0
4. Past due loan amounts included in item 1:	RCFD B733	RCFD B734	RCFD B735
RCFD B736			
a. 30-89 days past due	12,326,000	23,000	0
7,000 4.a			
	RCFD B740	RCFD B741	RCFD B742
RCFD B743			
b. 90 days or more past due	5,190,000	9,000	0
1,000 4.b			
5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date):	RIAD B747	RIAD B748	RIAD B749
RIAD B750			
a. Charge-offs	0	0	0
3,000 5.a			
	RIAD B754	RIAD B755	RIAD B756
RIAD B757			
b. Recoveries	0	0	0
0 5.b			

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Dollar Amounts in Thousands	(Column E) Other Consumer Loans			(Column F) Commercial and Industrial Loans			(Column G) All Other Loans and All Leases			
	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	

<S>	<C>			<C>			<C>			<C>
BANK SECURITIZATION ACTIVITIES										
1. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements	RCFD B709			RCFD B710			RCFD B711			1
2. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1 in the form of:										
a. Retained interest-only strips (included in Schedules RC-B or RC-F or in Schedule RC, item 5)	RCFD B716			RCFD B717			RCFD B718			2.a
b. Standby letters of credit, subordinated securities, and other enhancements	RCFD B723			RCFD B724			RCFD B725			2.b
3. Reporting bank's unused commitments to provide liquidity to structures reported in item 1	RCFD B730			RCFD B731			RCFD B732			3
4. Past due loan amounts included in item 1:	RCFD B737			RCFD B738			RCFD B739			
a. 30-89 days past due	0			0			0			4.a
	RCFD B744			RCFD B745			RCFD B746			
b. 90 days or more past due	0			0			0			4.b
5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date):	RIAD B751			RIAD B752			RIAD B753			
a. Charge-offs	0			0			0			5.a
	RIAD B758			RIAD B759			RIAD B760			
b. Recoveries	0			0			0			5.b
</TABLE>										
WELLS FARGO BANK NATIONAL ASSOCIATION				FFIEC 031						
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FDIC Certificate Number - 03511				36						

SCHEDULE RC-S--CONTINUED

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(Column D)	(Column A)			(Column B)			(Column C)			
	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	
Auto	1-4 Family			Home			Credit			
Loans	Residential			Equity			Card			
Dollar Amounts in Thousands	Loans			Loans			Receivables			
	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil

Mil | Thou

<S>	<C>	<C>	<C>	<C>
6. Amount of ownership (or seller's) interest carried as:			RCFD B761	RCFD B762
a. Securities (included in RC-B or RC, item 5)			0	0
6.a				
b. Loans (included in Schedule RC-C)			RCFD B500	RCFD B501
6.b			0	0
7. Past due loan amounts included in interests reported in item 6.a:				
a. 30-89 days past due			RCFD B764	RCFD B765
7.a			0	0
b. 90 days or more past due			RCFD B767	RCFD B768
7.b			0	0
8. Charge-offs and recoveries on loan amounts included in interests reported in item 6.a (calendar year-to-date):				
a. Charge-offs			RIAD B770	RIAD B771
8.a			0	0
b. Recoveries			RIAD B773	RIAD B774
8.b			0	0

FOR SECURITIZATION FACILITIES SPONSORED BY OR OTHERWISE ESTABLISHED BY OTHER INSTITUTIONS

9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements	RCFD B779	RCFD B776	RCFD B777	RCFD B778
0 9		0	0	0
10. Reporting bank's unused commitments to provide liquidity to other institutions' securitization structures	RCFD B786	RCFD B783	RCFD B784	RCFD B785
0 10		0	0	0

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Dollar Amounts in Thousands	(Column E) Other Consumer Loans			(Column F) Commercial and Industrial Loans			(Column G) All Other Loans and All Leases		
	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
6. Amount of ownership (or seller's) interest carried as:									
a. Securities (included in RC-B or RC, item 5)							RCFD B763		6.a
b. Loans (included in Schedule RC-C)							RCFD B502		6.b
7. Past due loan amounts included in interests reported in item 6.a:									
a. 30-89 days past due							RCFD B766		7.a
b. 90 days or more past due							RCFD B769		7.b
8. Charge-offs and recoveries on loan amounts included in interests reported in item 6.a (calendar year-to-date):									
a. Charge-offs							RIAD B772		8.a
b. Recoveries							RIAD B775		8.b

FOR SECURITIZATION FACILITIES SPONSORED BY OR OTHERWISE ESTABLISHED BY OTHER INSTITUTIONS

9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements	RCFD B780	RCFD B781	RCFD B782
0 9	0	0	0
10. Reporting bank's unused commitments to provide liquidity to other institutions'	RCFD B787	RCFD B788	RCFD B789

securitization structures 0 0 0 10

</TABLE>

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SCHEDULE RC-S--CONTINUED

<TABLE>
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(Column D)	(Column A)			(Column B)			(Column C)			Bil
	1-4 Family Residential			Home Equity			Credit Card			
Auto Loans	Loans			Loans			Receivables			
Dollar Amounts in Thousands	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil

<S> <C> <C> <C> <C>

<C>

BANK ASSET SALES

11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank

RCFD B790 0 RCFD B791 0 RCFD B792 0

12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11

RCFD B797 0 RCFD B798 0 RCFD B799 0

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Dollar Amounts in Thousands	(Column E)			(Column F)			(Column G)			Bil
	Other Consumer Loans			Commercial and Industrial Loans			All Other Loans and All Leases			
Dollar Amounts in Thousands	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil

<S> <C> <C> <C> <C>

BANK ASSET SALES

11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank

RCFD B794 0 RCFD B795 22,000 RCFD B796 0 11

12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11

RCFD B801 0 RCFD B802 14,000 RCFD B803 0 12

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MEMORANDUM ITEMS 1, 2, AND 3 ARE TO BE COMPLETED BEGINNING JUNE 30, 2001.

Memoranda

<TABLE>
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	Dollar Amounts in Thousands			RCFD	Bil	Mil
Thou						

<S> <C> <C>

<C>

1. Small Business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994:

a. Outstanding principal balance A249

b. Amount of retained recourse on these obligations as of the report date A250

2. Outstanding principal balance of assets serviced for others:

a. 1-4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements B804

627,000 M.2.a

b. 1-4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements B805

487,199,000 M.2.b

c. Other financial assets (1) A591

32,821,000 M.2.c

3. Asset-backed commercial paper conduits:

<C>	<C>			
FIDUCIARY AND RELATED ASSETS		RCFD B868	RCFD B869	RCFD B870
RCFD B871				
4. Personal trust and agency accounts		19,422,000	1,884,000	19,956
1,035 4				
5. Retirement related trust and agency accounts:		RCFD B872	RCFD B873	RCFD B874
RCFD B875				
a. Employee benefit-defined contribution		328,000	14,993,000	232
2,126 5.a				
		RCFD B876	RCFD B877	RCFD B878
RCFD B879				
b. Employee benefit-defined benefit		887,000	6,643,000	71
463 5.b				
		RCFD B880	RCFD B881	RCFD B882
RCFD B883				
c. Other retirement accounts		1,608,000	4,396,000	1,704
3,095 5.c				
		RCFD B884	RCFD B885	RCFD C001
RCFD C002				
6. Corporate trust and agency accounts		0	1,946,000	0
958 6				
		RCFD B886		RCFD B888
7. Investment management agency accounts		22,157,000		5,962
7				
		RCFD B890	RCFD B891	RCFD B892
RCFD B893				
8. Other fiduciary accounts		1,445,000	918,000	359
250 8				

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WELLS FARGO BANK NATIONAL ASSOCIATION
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SCHEDULE RC-T--CONTINUED

<TABLE>
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(Column D)	(Column A)	(Column B)	(Column C)
Number of	Managed	Non-Managed	Number of
Non-Managed	Assets	Assets	Managed
Accounts			Accounts

Dollar Amounts in Thousands Tril | Bil | Mil | Thou Tril | Bil | Mil | Thou

<S> <C> <C> <C>

<C> <C>

FIDUCIARY AND RELATED ASSETS--Continued

9. Total fiduciary accounts	RCFD B894	RCFD B895	RCFD B896
RCFD B897			
(sum of items 4 through 8)	45,847,000	30,780,000	28,284
7,927 9			
		RCFD B898	
RCFD B899			
10. Custody and safekeeping accounts		100,163,000	
2,862 10			
11. Fiduciary accounts held in foreign	RCFN B900	RCFN B901	RCFN B902
RCFN B903			
offices (included in items 9 and 10)	0	0	0
0 11			

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<CAPTION>

	Dollar Amounts in Thousands		RIAD	Bil Mil
Thou				

<S> <C> <C> <C> <C>

<C>

FIDUCIARY AND RELATED SERVICES INCOME

12. Personal trust and agency accounts			B904
242,000 12			
13. Retirement related trust and agency accounts:			
a. Employee benefit--defined contribution			B905
5,000 13.a			
b. Employee benefit--defined benefit			B906
2,000 13.b			
c. Other retirement accounts			B907

<C>				
2. Corporate trust and agency accounts:				
a. Corporate and municipal trusteeships	B927	2,015	B928	
11,019,000 M.2.a				
b. Transfer agent, registrar, paying agent, and other corporate agency	B929	269		
M.2.b				
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(Column B)	Value of Assets	Dollar Amounts in Thousands	RCFD	(Column A)	Market Fund
				Number of Funds	
Mil Thou					Bil

<S>				
<C>				
3. Collective investment funds and common trust funds:				
a. Domestic equity	B931	7	B932	
1,486,000 M.3.a				
b. International/Global equity	B933	1	B934	
184,000 M.3.b				
c. Stock/Bond blend	B935	3	B936	
419,000 M.3.c				
d. Taxable bond	B937	4	B938	
1,756,000 M.3.d				
e. Municipal bond	B939	7	B940	
1,687,000 M.3.e				
f. Short term investments/Money market	B941	0	B942	
0 M.3.f				
g. Specialty/Other	B943	0	B944	
0 M.3.g				
h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)	B945	22	B946	
5,532,000 M.3.h				
</TABLE>				

<TABLE>
<CAPTION>

(Column C)	Recoveries	Dollar Amounts in Thousands	RIAD	(Column A)	(Column B)
				Gross Losses Managed Accounts	Gross Losses Non-Managed Accounts
Mil Thou				Mil Thou	RIAD

<S>						
<C>						
4. Fiduciary settlements, surcharges and other losses:						
a. Personal trust and agency accounts	B947	1,000	B948	1,000	B949	
0 M.4.a						
b. Retirement related trust and agency accounts	B950	0	B951	0	B952	
0 M.4.b						
c. Investment management agency accounts	B953	0	B954	0	B955	
0 M.4.c						
d. Other fiduciary accounts and related services	B956	0	B957	0	B958	
0 M.4.d						
e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 21)	B959	1,000	B960	1,000	B961	
0 M.4.e						
</TABLE>						

Person to whom questions about Schedule RC-T--Fiduciary and Related Services should be directed:

Karen B. Martin, Vice President

Name and Title (TEXT B962)

karen.b.martin@wellsfargo.com

E-mail Address (TEXT B926)

NAME AND ADDRESS OF BANK

WELLS FARGO BANK NATIONAL ASSOCIATION
420 MONTGOMERY STREET
SAN FRANCISCO, CA 94104

OMB No. FOR OCC: 1557-0081
OMB No. For FDIC: 3064-0052
OMB No. For Federal Reserve: 7100-0036
Expiration Date: 3/31/2004

SPECIAL REPORT
(Dollar Amounts in Thousands)

CLOSE OF BUSINESS DATE	FDIC Certificate Number
12/31/2001	3511

LOANS TO EXECUTIVE OFFICERS (COMPLETE AS OF EACH CALL REPORT DATE)

The following information is required by Public Laws 90-44 and 102-242, but does not constitute a part of the Report of Condition. With each Report of Condition, these Laws require all banks to furnish a report of all loans or other extensions of credit to their executive officers made since the date of the previous Report of Condition. Data regarding individual loans or other extensions of credit are not required. If no such loans or other extensions of credit were made during this period, insert "none" against subitem (a).

(Excluded the first \$15,000 of indebtedness of each executive officer under bank credit card plan.)

SEE SECTIONS 215.2 AND 215.3 OF TITLE 12 OF THE CODE OF FEDERAL REGULATIONS (FEDERAL RESERVE BOARD REGULATION O) FOR THE DEFINITIONS OF "EXECUTIVE OFFICER" AND "EXTENSION OF CREDIT," RESPECTIVELY. EXCLUDE LOANS AND OTHER EXTENSIONS OF CREDIT TO DIRECTORS AND PRINCIPAL SHAREHOLDERS WHO ARE NOT EXECUTIVE OFFICERS.

	<C>	<C>	<C>	<C>	<C>	<C>
a. Number of loans made to executive officers since the previous Call Report Date			RCFD		0	a
b. Total dollar amount of loans (in thousands of dollars).....			3561		0	b
c. Range of interest charged on above loans			FROM		TO	
(example: 9-3/4 = 9.75).....	7701	0.00%	7702	0.00%		c

/s/ Karen B. Martin, Vice President 1/30/02

SIGNATURE AND TITLE OF OFFICER AUTHORIZED TO SIGN REPORT DATE (Month, Day, Year)