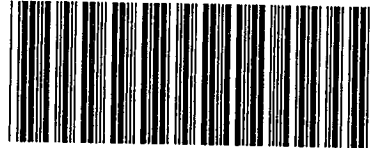


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SECOND AMENDMENT
TO
CASTLE OAKS ESTATES FILING NO. 1
SUBDIVISION IMPROVEMENTS AGREEMENT

DATE: September 29, 2004

PARTIES: **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, 100 Wilcox Street, Castle Rock, Colorado 80104 (Town")

CASTLE OAKS ESTATES, LLC, a Colorado limited liability company, P.O. Box 87, Castle Rock, Colorado 80104 (Subdivider)

CASTLE OAKS METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, c/o McGeady Sisneros, 1675 Broadway, Suite 2100, Denver, Colorado 80202 (District)

MORTGAGEE: **BANK MIDWEST, N.A.**

RECITALS:

A. Town, Subdivider, and District, with the joinder of the Mortgagee and Melody Homes, Inc. as a mortgagee, entered into that certain Castle Oaks Estates Filing No. 1 Subdivision Improvements Agreement dated December 23, 2003 (the "Subdivision Improvements Agreement"), which agreement was recorded on January 14, 2004, at Reception No. 2004005961, in the records of the Clerk and Recorder for the County of Douglas, State of Colorado. The Subdivision Improvements Agreement was amended by that certain First Amendment to Castle Oaks Estates Filing No. 1 Subdivision Improvements Agreement dated August 4, 2004 (the "First Amendment").

B. The parties desire to modify certain provisions of the Subdivision Improvements Agreement in order to better fulfill the purposes of the Subdivision Improvements Agreement.

NOW, THEREFORE, in consideration of the premises, the parties hereby agree to amend the Subdivision Improvements Agreement as follows:

1. Section 5. **Improvements Security**, is hereby amended by the addition of the following paragraph:

"If Subdivider provides to the Town Additional Security (as such term is defined in the First Amendment) in the form of a letter of credit, in addition to any other rights of the Town to call such letter of credit, the Town also shall have the right to call such letter of credit in the following circumstance: (i) Subdivider has not substantially completed the Phase

Improvements, whether or not Subdivider is in default of its obligations under the Subdivision Improvements Agreement, (ii) the Phase Improvements have not been conveyed to the Town after acceptance by the Town, and (iii) such letter of credit will expire in ten days or less and has not been renewed by the issuer.”

2. Except as expressly modified herein, the parties hereby ratify and affirm the Subdivision Improvements Agreement, as amended by the First Amendment, in its entirety and acknowledge and agree that none of the parties to the Subdivision Improvements Agreement are in default of their obligations thereunder or otherwise in violation of any provisions of the Subdivision Improvements Agreement.

3. This Second Amendment to the Castle Oaks Estates Filing No. 1 Subdivision Improvements Agreement shall be recorded with the Clerk and Recorder’s Office of Douglas County, Colorado, and shall be binding upon the assigns, successors, and grantees of Subdivider in the same manner as if such third parties were signatories to this Second Amendment, the First Amendment and the original Subdivision Improvements Agreement.

[Remainder of page intentionally left blank]

