

**CASTLEWOOD RANCH FILING NO. 1 – PARCEL 10
SUBDIVISION IMPROVEMENTS AGREEMENT**

DATE: July 6, 2001

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

CASTLEWOOD RANCH LLC, a Colorado limited liability company ("Subdivider"), 8480 East Orchard Road, Suite 5550, Englewood, Colorado 80111.

RECITALS:

A. The Town has previously approved a preliminary subdivision plat for Castlewood Ranch Filing 1 ("Filing 1"). Subdivider desires to obtain final subdivision plat approval for Filing 1 in a series of final plats. This Agreement applies to Parcel 10 of Filing 1 and in sections 10 and 11 amends the Subdivision Improvements Agreement for Parcel 7, previously entered into between the parties as of June 2, 2000 and recorded on June 8, 2000 at Reception No. 39619.

B. The subdivision regulations of the Castle Rock Municipal Code require that the Subdivider construct the public improvements necessary to provide municipal utilities and services to the Subdivision in accordance with Town public works regulations. By this Agreement, the parties address the conditions for construction of such improvements and certain other issues concerning development of the Subdivision.

C. This Agreement is intended to protect the Town from any liability or cost which may result from the failure of the Subdivider to complete construction of such public improvements to Town standards. This Agreement is not made for the benefit of any other party and no representation is made by Town to any owner of a lot or tract within the Subdivision that all necessary Subdivision infrastructure will be completed by the Town in the event of a default by Subdivider.

COVENANTS:

NOW, THEREFORE, in consideration of these mutual promises, the parties agree and covenant as follows:

Section 1. Definitions. The following words when capitalized in the text shall have the meanings indicated:

Agreement: this Castlewood Ranch Filing No. 1 – Parcel 10 Subdivision Improvements Agreement.

Code: the Castle Rock Municipal Code, as amended.

Development Agreement: the Castlewood Ranch Development Agreement recorded at Reception No. 98105516 of the Records.

Director: the Town's Director of Public Works, or his designee.

District: the Castlewood Ranch Metropolitan District.

Filing 1: the property previously made subject to the Preliminary Plat.

Final Plat: the final subdivision plat for the Subdivision as approved by the Town.

Final Site Plan: the final PD site plan for the Subdivision as approved by the Town.

Improvements: the water, wastewater, stormwater drainage, transportation, park and recreation, Landscaping or other systems or infrastructure required to serve the Subdivision as identified and described in the Plans (whether on-site or off-site), which upon their completion are to be dedicated to the Town for operation and maintenance by the Town. The Improvements are inclusive of the Parcel Improvements.

Landscaping: the landscaping of public areas, which are to be maintained by the Town, required under the Final Site Plan or applicable subdivision and zoning regulations.

Owner: the party defined under the Development Agreement.

Parcel: a distinct area of the Preliminary Plat, which will be developed independently from the other Parcels.

Parcel Improvements: those Improvements required to be constructed with a particular Parcel, as prescribed on the Preliminary Plat.

Phase: distinct development zones of the Subdivision, as designated on the Phasing Plan, if any. If there is no Phasing Plan for a particular Subdivision this term shall mean the entire Subdivision.

Phase Improvements: those Improvements required to be constructed with a particular Phase, as prescribed in the Phasing Plan, but excluding Landscaping.

Phase Landscaping: the Landscaping required to be installed with a particular Phase.

Phasing Plan: the Phasing Plan attached as *Exhibit 1* which has been approved by the Director and which sets forth which Improvements must be constructed and the public dedications, if any, which must be made with each Phase.

Plans: the description of the Improvements on the Preliminary Plat, Phasing Plan and related documents as modified and supplemented by approved construction plans and drawings, together with the Landscaping plan approved with the Final Site Plan.

Preliminary Plat: the Castlewood Ranch Filing No. 1 preliminary subdivision plat approved by the Town Council on July 8, 1999.

Property: the property described in the attached *Exhibit 2*.

Records: the public records of Douglas County, Colorado maintained by the Clerk and Recorder.

Sewer Enterprise: the Town of Castle Rock Sewer Enterprise, established as a government-owned business under Ordinance 2000-26 and Article X, Section 20 of the Colorado Constitution.

Subdivision: Castlewood Ranch No. 1 – Parcels 10.

Town Regulations: the Code, inclusive of the Town public works regulations, as the same may be amended from time to time.

Water Enterprise: the Town of Castle Rock Water Enterprise, established as a government-owned business under Ordinance 2000-25 and Article X, Section 20 of the Colorado Constitution.

Certain other terms are defined elsewhere in this Agreement. Section references are to the numbered sections of this Agreement.

Section 2. Construction of Improvements. The Improvements shall be constructed in strict accordance with the Plans, or to the extent not otherwise provided in the Plans, in accordance with applicable Town ordinances, rules and regulations. The Improvements may be constructed by Phase, in accordance with the applicable Phasing Plan, if any. If so approved by the Director, a sub-Phasing plan may be implemented such that Phase Improvements are developed only as necessary to service specific sub-Phases.

In the event Subdivider has not obtained all necessary Town permits and approvals and commenced construction of one or more of the Improvements within one year of the

date of recordation of this Agreement, the Town's approval of the Subdivision shall lapse. As a condition to commencement of construction of any of the Improvements thereafter, Subdivider shall demonstrate to the Town Council good cause for the delay and its good faith intention and financial ability to proceed and complete development of the Subdivision; provided that Subdivider shall not be required to resubmit a land use application for the Dormant Subdivision

Phase Improvements must be completed not later than one year after the date of issuance of the first public works permit for such Phase, provided that the completion date may be extended by the Director for up to 6 months if justified due to adverse weather, material unavailability, or other unanticipated and unavoidable circumstances beyond the control of Subdivider, as determined by the Director.

The requirements for completion of Landscaping are contained in section 7.

Section 3. Restrictions Pending Completion of Improvements. No building permits shall be issued by Town within any Phase until the applicable Phase Improvements are substantially completed, except when authorized by the Director, as further provided in this section. See also the restrictions on building permit approvals contained in section 11. Substantial completion occurs when the Improvement is functional and operable in all material respects, although not completed to the standard required for formal acceptance by the Town for operation and maintenance. No certificates of occupancy shall be issued for structures within a Phase unless the Phase Improvements have been accepted by the Town as provided in section 4.

The Director, in his/her absolute discretion, may concur in the building department's issuance of one or more designated building permits prior to substantial completion, if such earlier construction does not create any undue public safety concerns. In such event, the Director may impose the condition that all work must cease under such building permit if the Phase Improvements are not substantially completed by the date specified in the permit. Unless the underlying Security is a cash escrow, or letter of credit, Subdivider shall establish a cash escrow in the amount of 115% of the estimated cost of completion of the Phase Improvements, which escrow shall be supplemental to the underlying Security. In no event shall the Director authorize the issuance of a building permit unless there is adequate emergency access to the site and the water system is completed sufficiently to provide adequate fire flows for fire protection.

The requirements for completion of Landscaping are contained in section 7.

Section 4. Acceptance of Improvements. Upon substantial completion of the Phase Improvements, Subdivider may request inspection. Town shall make inspection within five (5) working days of the date Subdivider requests final inspection, and Town shall notify Subdivider of non-conforming work within five (5) working days after the inspection is made. Subdivider shall have 30 days from the date of receipt of Town's inspection report to remedy

the non-conforming work unless the remedial work is delayed due to weather conditions, in which event the work shall be completed as soon as reasonably feasible thereafter.

With cure of non-conforming work, receipt of as-built plans and initial acceptance of the Phase Improvements by Town, Subdivider shall promptly convey its interest in the Phase Improvements by document in the form attached as **Exhibit 3**. With conveyance of the Phase Improvements, the applicable warranty period commences.

The acceptance process for Landscaping is addressed in section 7.

Section 5. Responsibility for Improvement Construction. Subdivider shall be obligated to perform the covenants of Subdivider under this Agreement, unless the obligations with respect to certain off-site Improvements are undertaken by the master developer or District pursuant to the Development Agreement. Subdivider acknowledges that Town's obligation to issue development approvals within the Subdivision is dependent on the timely construction of such Improvements by third parties, and in the event such third parties should fail to complete such Improvements, the restrictions on development approvals under section 4 shall be applicable, even though Subdivider is not in default of this Agreement.

Section 6. Improvements Security. In accordance with Town Regulations, Subdivider shall provide Town with a letter of credit, cash escrow deposit or performance bond approved by the Town Attorney in the amount of 115% of the estimated construction cost of the Phase Improvements (the "Security"). The Security for each respective Phase shall be delivered to Town prior to and as a condition of the issuance of the first public works permit within such Phase. All construction cost estimates shall be submitted by Subdivider's registered civil engineer and reviewed and approved by the Town's engineering division, which cost estimates shall be used to estimate the Security requirement. Subdivider shall have the right to substitute equivalent Security from a homebuilder for the Security provided by the Subdivider.

The purpose of the Security is to provide Town with the financial resources to mitigate any public health and safety hazards and/or regrade and revegetate the Property and/or complete construction or installation of any of the Phase Improvements, should Subdivider default in its obligation to complete the Phase Improvements (the "Remedial Work"). The Town retains the absolute discretion to determine what Remedial Work, if any, is undertaken by Town on the Phase Improvements, in the event of such default. Any portion of the Security not utilized in the Remedial Work shall be returned to the obligor on the Security, or in the event a letter of credit or cash escrow is furnished by Subdivider, to Subdivider.

With Town's determination that the Phase Improvements are substantially completed, the Security shall be reduced to 15% of the actual construction cost of the Phase Improvements, plus 100% of the cost to complete any outstanding punch list items identified in the substantial completion inspection. The punch list portion of the Security shall be

released with conveyance and acceptance of the Phase Improvements. The warranty portion of the Security shall be released as authorized in the Town Regulations. The release of the Security applicable to Landscaping is subject to the further restrictions and requirements of section 7.

Section 7. Landscaping. Subdivider shall make best efforts to complete all Phase Landscaping in conjunction with completion of the Phase Improvements as provided in section 2. Inspection of Phase Landscaping by the Town shall be made in the same manner as prescribed for Phase Improvements under section 4.

With Town's acceptance of the Phase Landscaping concurrently with the Phase Improvements, the Security pertaining to the Phase Landscaping shall be reduced to 15% of the actual cost of the Phase Landscaping. In such event, the warranty Security pertaining to the Phase Landscaping shall be released in accordance with Town Regulations.

In the event that at the time the Town accepts the Phase Improvements the Phase Landscaping is not sufficiently completed to allow the Town's acceptance, the following provisions shall apply:

- (a) Subdivider shall make a cash deposit to the Town in the amount of 115% of the estimated completion cost of the Phase Landscaping to be held by Town as security for completion of the Phase Landscaping (the "Landscape Deposit");
- (b) the amount of the Landscape Deposit shall be determined by the Town after review of the cost estimate of completion furnished by the Subdivider's landscape architect or contractor;
- (c) the Landscape Deposit must be made prior to and as a condition of the issuance of the first building permit within the Phase;
- (d) upon receipt of the Landscape Deposit the Town will release that portion of the Security applicable to the Phase Landscaping.
- (e) the Landscape Deposit shall not accrue interest;
- (f) Subdivider shall have 180 days from the date the Landscape Deposit is deposited with the Town to complete the Phase Landscaping;
- (g) within 10 days of completion of the Phase Landscaping and acceptance by the Town, Town shall return to Subdivider the Landscape Deposit, less a 15% warranty hold-back and the applicable warranty on the Phase Landscaping shall commence;

- (h) if at the end of such 180 day period the Phase Landscaping has not been completed and accepted by Town, Town may use the Landscape Deposit to the extent necessary to complete the Phase Landscaping, and/or make the Landscape Deposit available to the owner of the Private Landscaping to complete the Private Landscaping, provided Town will not be obligated to spend any Town funds to complete the Phase Landscaping in the event the Landscape Deposit is insufficient to fund completion;
- (i) Town shall promptly return to Subdivider any portion of the Landscape Deposit which remains after the Town has completed the Phase Landscaping, less a 15% hold-back for the warranty period;
- (j) the Landscape Deposit held for the warranty shall promptly be released to Subdivider upon expiration of the Landscaping warranty and Town's final acceptance of the Landscaping.

Section 8. Development Fees. Under the Development Agreement, certain portions of the water and wastewater system development fees imposed by the Town through the Water Enterprise under the Code were pledged to the Owner and/or District, in recognition of the fact that the Owner and/or District assumed the obligation to construct certain water and wastewater facilities. After the Development Agreement was executed, the Town, Owner and District have determined that the Town will provide certain water capacities to meet the system demand created by development of the Subdivision. As a result, the Town's Water Enterprise will retain \$3,655 of the \$6100 Water System Development Fee (the "SDF") collected for all water connections in the Subdivision. Accordingly Owner, District and Subdivider are released from the obligation under the Development Agreement to develop the water facilities for which the Town is assuming responsibility.

Water facilities for which the Town assumes responsibility through the Water Enterprise include a new Arapahoe and a Denver well. As a matter of Town policy, new wells are not permitted to be connected to the Town's water system unless raw water produced by the wells is in compliance with the Colorado Primary Drinking Water Regulations (the "Regulations"). Despite the use of best engineering and construction practices, it is possible that at least one of these wells may produce water which will not meet the Regulations. A non-conforming well cannot be connected to the Town's potable water system. In that event, the Town, at its expense, would be required to drill a replacement well(s) at an alternate site. In order to provide a contingency fund for construction of a replacement well(s), the portion of the SDFs retained by the Town of \$3,655 is inclusive of \$340 (the "Well Replacement Fee, or "WPF"). The Well Replacement Fee shall be held and applied by the Town through the Water Enterprise as follows:

- (a) the Town will collect the WRF until both the Arapahoe and Denver wells are constructed and tested;
- (b) if both wells will produce water complying with the Regulations, the Town will so certify to the Subdivider and Owner, the Town will return to the Subdivider the full amount of the WRF collected, and thereafter the WRF will no longer be collected by Town (resulting in the Town retaining \$3,315 of the SDF);
- (c) if the Town is required to drill a replacement well(s), the Town shall utilize the WRF collected to construct the replacement well(s), and if the WRF are insufficient to cover the Town's reasonable cost in constructing the replacement wells, the Town shall continue to collect the WRF until such time as Town has fully recovered its investment in the replacement well(s) through the WRF; and
- (d) the Town shall have no claim against Subdivider if the total WRF collected from the Subdivision (as well as other properties subject to the Development Agreement) are insufficient to allow the Town to recoup the cost of constructing replacement wells.

In the event that the Development Agreement is subsequently amended to provide for the direct payment of the Owner/District's portion of the SDF, in lieu of the Town's collection and remittance to the Owner/District, such amendment shall be binding on Town and Subdivider under this Agreement.

Section 9. Design Standards. The Final Site Plan for the Subdivision contains certain building and design restrictions and requirements, affecting design elements such as setbacks and building elevations ("Design Guidelines"). Town shall have the right, but not the obligation, to enforce the Design Guidelines through the withholding of building permits or certificates occupancy, in the event of non-compliance with the Design Guidelines.

Section 10. Lift Station Approval. A wastewater lift station is required to serve the Property (the "Lift Station"). Construction of the Lift Station must be approved by governmental agencies other than the Town. Subdivider and Town shall cooperate to make application and obtain approval of such governmental agencies for the Lift Station at the earliest possible time. Town shall not issue any building permits on the Property, prior to the issuance of all necessary governmental approvals and permits for the Lift Station. If approval for the Lift Station is denied, and all reasonable appeals from such adverse decision are exhausted, Subdivider shall grade and revegetate the Property pursuant to an erosion control plan approved by the Town. Any Subdivision development prior to approval of the Lift Station is entirely at the risk of Subdivider.

Section 11. Lift Station Surcharge. The Sewer Enterprise will own and maintain

the Lift Station upon its completion, dedication and acceptance. The costs the Sewer Enterprise will incur in operation of the Lift Station are supplemental to the usual and customary costs incurred by the Sewer Enterprise in operation of a gravity wastewater collection system. In order to defray such supplemental costs, Subdivider shall pay to the Sewer Enterprise the sum of \$152,230, which represents the agreed present value of the future operation and maintenance cost of the Lift Station (the "Operational Subsidy"). To secure the obligation to pay the Operational Subsidy as provided below, Subdivider shall either establish a cash escrow or provide the Sewer Enterprise with a letter of credit in the amount of 100% of the Operational Subsidy (the "OS Security"), which shall be reduced quarterly by the amount of the reduction of the outstanding balance of the Operational Subsidy, as a result of the Sewer Enterprise's receipt of Surcharge payments, as defined below. If a cash escrow is established, the escrow agreement shall provide that interest accrues to Subdivider. If a LC is furnished, the LC shall provide that it shall be automatically renewed upon the periodic expiration of its term, until the Operational Subsidy is fully recovered by the Sewer Enterprise. The Sewer Enterprise shall collect the Operational Subsidy as follows:

- (a) with each building permit issued on the Property and the 7 lots in Parcel 7 of Filing 1 described in the attached **Exhibit 4**, the builder shall pay to the Sewer Enterprise the sum of \$1,171 (the "Surcharge");
- (b) the Surcharge collected by the Sewer Enterprise in this manner shall reduce the balance of the Operational Subsidy dollar for dollar; and
- (c) any unrecovered balance of the Operational Subsidy as of December 31, 2005 shall be immediately due and payable from the OS Security, which the Sewer Enterprise may call on or after January 1, 2006.

Section 12. Sewer Pump Maintenance. Town, on behalf of the Sewer Enterprise granted variance No. V2000-18 to allow the installation of sewer grinder pumps in the retail sewer lines servicing certain lots in the Subdivision (the "Grinder Pumps"). The Grinder Pumps will not be accepted or maintained by the Town. As reflected in Resolution of the District, attached as **Exhibit 5**, the District shall maintain, service and replace, as needed the Grinder Pumps. Town will not be liable for property damage caused by failure of any private system components. The District shall establish a 24-hour per day, 7 day a week contact for homeowners who experience problems or need maintenance on the Grinder Pumps. In the event Sewer Enterprise should inadvertently (or out of necessity) respond to a homeowner call on maintenance of a Grinder Pump, the District shall reimburse the Sewer Enterprise for the direct labor and material expenses incurred by the Sewer Enterprise.

Subdivider shall provide written disclosure to all purchasers of lots of the Subdivision utilizing Grinder Pumps that the Town will not be responsible for maintenance of the Grinder Pumps and notice of the contact through the District and its agents for obtaining service on the Grinder Pumps.

Section 13. Disclosure to Purchaser. Subdivider shall make the following disclosure in any contract for conveyance of any portion of the Property (excluding the sale of a lot to a retail purchaser)

Development of this Property is subject to the Castlewood Ranch Filing No. 1 – Parcel 10 Subdivision Improvements Agreement with the Town of Castle Rock. Issuance of development approvals by the Town for your property may be dependent on the completion of certain off-site public improvements by Seller or other parties. Although the Town requires that financial security be provided for construction of public improvements in this subdivision, the Town may not have the financial, legal or practical ability to complete construction of public improvements in the event of a default by the responsible party. The Town regulations and the Subdivision Improvements Agreement address only municipally-owned utilities and therefore the provision of other public utilities such as electricity, natural gas and cable television are governed exclusively by separate contracts, with such utilities over which the Town exercises no control.

Section 14. Application of Development Agreement. The Development Agreement contains certain other conditions and requirements which may, by its terms, apply to the development of the Property. Provided however, with respect to the Subdivision only, all development and financial obligations under the Development Agreement, which are conditions to development approvals on the Subdivision, are set forth in this Agreement. Except as expressly modified by this Agreement, the provisions in the Development Agreement shall remain in force and effect. In the event of a conflict between the Development Agreement and this Agreement, this Agreement shall govern and control.

Section 15. Default. The following occurrences constitute a default of this Agreement:

- (a) failure to commence or complete construction of the Phase Improvements within the time periods prescribed in this Agreement;
- (b) failure to cure the defective construction or installation of any Phase Improvement within the applicable cure period;
- (c) failure to perform work on the Phase Improvements required by this Agreement within the Subdivision for a period of more than 90 consecutive days except when such delay is due to adverse weather, material unavailability, or other circumstances beyond the control of Subdivider;
- (d) failure to comply with Design Guidelines;
- (e) Subdivider's insolvency, the appointment of a receiver for the Subdivider or the

filing of a voluntary or involuntary petition in bankruptcy respecting the Subdivider; or

- (f) Subdivider has breached, or caused a breach of any other provision of this Agreement.

As a condition to Town's right to exercise its remedies for default, Town shall give written notice to Subdivider of the occurrence of an event of default. Subdivider shall also receive notice of a default by Owner under the Development Agreement if such default relates to construction of an Improvement. The defaulting party shall have 30 calendar days from the receipt of such notice to cure the default, unless such cure is necessarily delayed to adverse weather conditions in which event the cure period shall be extended by a number of days equal to the number of days of the unavoidable delay. If timely cure of the noticed default(s) is not accomplished, Town shall thereafter be entitled to pursue its remedies against the defaulting party. Subdivider and Owner shall have the right to cure a default of the other.

Section 16. Town's Rights Upon Default. When any event of default occurs and has not been timely cured, the Town may:

- (a) if the applicable Phase Improvements have not been timely completed, call the Security in accordance with its terms, and apply the Security for the Remedial Work. Subdivider grants to Town and, if applicable, the surety, and their employees, agents and contractors, a non-exclusive right and easement to enter onto the Property after an uncured default for the purpose of undertaking the Remedial Work;
- (b) if Phase Improvements have not been timely completed, withhold issuance of building permits within the affected Phase;
- (c) if the Design Guidelines are not followed, withhold building permits and/or certificates of occupancy as the exclusive remedy;
- (d) record a notice of non-compliance with this Agreement in the public records to provide record notice of the default, which notice shall promptly be released by Town upon cure of the default; and
- (e) bring suit against the defaulting party for money damages and/or equitable relief for breach of the Agreement.

On such terms and conditions as are reasonably acceptable to Town, the Town shall permit Owner or District to undertake the Remedial Work and utilize the Security for such purpose in the event of an uncured default.

Section 17. Indemnification. Subdivider indemnifies and holds the Town harmless from and against all claims, costs and liability of every kind and nature, for injury or damage received or sustained by any person or entity in connection with, or on account of the construction or repair of the Improvements by Subdivider; provided however such indemnity shall only extend to claims for injury or damage occurring prior to the date of final acceptance of the Improvements by the Town.

Section 18. No Waiver. No waiver of any provision of this Agreement will be deemed or constitute a waiver of any other provision, nor will it be deemed or constitute a continuing waiver unless expressly provided for by a written amendment to this Agreement signed by both Town and Subdivider, nor will the waiver of any default under this Agreement be deemed a waiver of any subsequent default or defaults of the same type. The Town's failure to exercise any right under this Agreement will not constitute the approval of any wrongful act by the Subdivider or the acceptance of any Improvement.

Section 19. Attorney's Fees. Should either party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, plaintiff or defendant, will be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing party. If the court awards relief to both parties, each will bear its own costs in their entirety.

Section 20. Notice. Any notice required or permitted by this Agreement will be deemed effective when personally delivered in writing or by facsimile, or three (3) days after notice is deposited with the U.S. Postal Service, postage prepaid, certified, and return receipt requested, and addressed as follows:

if to Subdivider: Castlewood Ranch LLC
8480 E. Orchard Road, Suite 5550
Englewood, CO 80111

with a copy to: Keith Pockross, Esq.
633 Seventeenth Street, Suite 2000
Denver, CO 80202

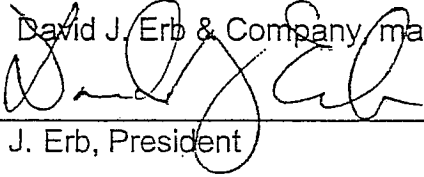
if to Town: Town of Castle Rock
Attn: Town Attorney
100 Wilcox Street
Castle Rock, CO 80104

Section 21. Recordation and Binding Effect. This 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 Agreement.

SUBDIVIDER:

CASTLEWOOD RANCH LLC, a
Colorado limited liability company.

By: David J. Erb & Company, managing member

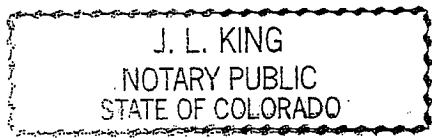


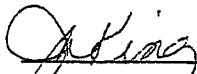
David J. Erb, President

STATE OF COLORADO)
)
COUNTY OF Douglas) ss.

The foregoing instrument was acknowledged before me this 21st day of June, 2001, by David J. Erb & Company, managing member by David J. Erb as President for Castlewood Ranch LLC, a Colorado limited liability company.

Witness my official hand and seal.
My Commission expires: 9-21-03.





Notary Public

EXHIBIT 2

PROPERTY DESCRIPTION

THAT PORTION OF THE EAST HALF OF SECTION 17, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

CONSIDERING THE EASTERLY LINE OF THE SOUTHEAST ONE QUARTER OF SECTION 17 AS BEARING SOUTH 00°19'55" EAST AS MONUMENTED ON THE NORTH BY A 3 1/4" ALUMINUM CAPPED MONUMENT STAMPED PROPERLY AND ON THE SOUTH BY A 2 1/4" ALUMINUM CAPPED MONUMENT STAMPED "ARCHER & ASSOCIATES LS 69.35", WITH ALL BEARINGS CONTAINED HEREON RELATIVE THERETO.

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 17, THENCE SOUTH 89°23'56" WEST ALONG THE SOUTHERLY LINE OF SAID SOUTHEAST ONE QUARTER OF SECTION 17 A DISTANCE OF 490.83 FEET TO THE SOUTHEAST CORNER OF CASTLEWOOD RANCH SUBDIVISION - FILING NO. 1 - PARCEL 8, RECORDED AT RECEPTION NO. 01064914, DOUGLAS COUNTY RECORDS; THENCE ALONG THE EASTERLY LINE OF SAID SUBDIVISION NORTH 24°43'16" WEST A DISTANCE OF 2208.34 FEET TO THE SOUTHERLY LINE OF MIKELSON NO. 4 WELL FIELD RECORDED IN BOOK 1242, PAGE 1896 OF DOUGLAS COUNTY RECORDS; THENCE LEAVING SAID SUBDIVISION LINE NORTH 89°23'56" EAST ALONG SAID SOUTHERLY LINE A DISTANCE OF 251.64 FEET TO THE EASTERLY LINE OF SAID MIKELSON NO. 4 WELL FIELD; THENCE NORTH 00°36'04" WEST ALONG SAID EASTERLY LINE A DISTANCE OF 150.00 FEET TO THE NORTHERLY LINE OF SAID MIKELSON NO. 4 WELL FIELD; THENCE SOUTH 89°23'56" WEST ALONG SAID NORTHERLY LINE A DISTANCE OF 300.00 FEET TO THE WESTERLY LINE OF SAID MIKELSON NO. 4 WELL FIELD; THENCE SOUTH 00°36'04" EAST A DISTANCE OF 42.00 FEET; THENCE ALONG THE BOUNDARY OF CASTLEWOOD RANCH SUBDIVISION - FILING NO. 1 - PARCEL 8 THE FOLLOWING NINE (9) COURSES:

(1) THENCE NORTH 24°43'16" WEST A DISTANCE OF 46.13 FEET TO A NON-TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 215.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 01°10'36" EAST; (2) THENCE ALONG SAID CURVE A DISTANCE OF 69.48 FEET THROUGH A CENTRAL ANGLE OF 18°30'55", THE CHORD OF WHICH BEARS NORTH 79°33'57" WEST A DISTANCE OF 69.18 FEET; (3) THENCE SOUTH 71°13'17" WEST A DISTANCE OF 22.66 FEET; (4) THENCE SOUTH 30°21'58" WEST A DISTANCE OF 63.51 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 275.00 FEET; (5) THENCE ALONG SAID CURVE A DISTANCE OF 103.42 FEET THROUGH A CENTRAL ANGLE OF 21°32'54", THE CHORD OF WHICH BEARS SOUTH 41°06'25" WEST A DISTANCE OF 102.82 FEET; (6) THENCE LEAVING SAID SOUTHERLY RIGHT OF WAY NORTH 24°43'16" WEST A DISTANCE OF 51.72 FEET TO THE NORTHERLY RIGHT OF WAY OF KILLEN AVENUE AND TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 225.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 41°07'52" WEST; (7) THENCE ALONG SAID CURVE A DISTANCE OF 72.66 FEET THROUGH A CENTRAL ANGLE OF 18°30'10", THE CHORD OF WHICH BEARS NORTH 39°37'03" EAST A DISTANCE OF 72.34 FEET; (8) THENCE NORTH 30°21'58" EAST A DISTANCE OF 194.86 FEET; (9) THENCE LEAVING SAID RIGHT OF WAY NORTH 24°43'16" WEST A DISTANCE OF 287.85 FEET TO THE BOUNDARY LINE OF CASTLEWOOD RANCH SUBDIVISION - FILING NO. 1 - PARCEL 2, RECORDED AT RECEPTION NO. 00012541, DOUGLAS COUNTY RECORDS AND LEAVING SAID SUBDIVISION FILING 1 - PARCEL 8 LINE AND ALONG THE BOUNDARY LINE OF SAID SUBDIVISION - FILING NO. 1 - PARCEL 2 THE FOLLOWING FOUR (4) COURSES:

(1) NORTH 65°16'44" EAST A DISTANCE OF 165.85 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 325.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 61°06'17" EAST; (2) THENCE ALONG SAID CURVE A DISTANCE OF 23.68 FEET THROUGH A CENTRAL ANGLE OF 04°10'27", THE CHORD OF WHICH BEARS NORTH 26°48'30" WEST A DISTANCE OF 23.67 FEET; (3) THENCE NORTH 24°43'16" WEST A DISTANCE OF 506.20 FEET; (4) THENCE NORTH 55°33'37" EAST A DISTANCE OF 50.73 FEET TO THE BOUNDARY LINE OF CASTLEWOOD RANCH SUBDIVISION - FILING NO. 1 - PARCEL 7, RECORDED AT RECEPTION NO. 00039616, DOUGLAS COUNTY RECORDS; THENCE ALONG SAID SUBDIVISION LINE THE FOLLOWING TWENTY FIVE (25) COURSES:

(1) THENCE SOUTH 24°43'16" EAST A DISTANCE OF 516.77 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 275.00 FEET; (2) THENCE ALONG SAID CURVE A DISTANCE OF 135.85 FEET THROUGH A CENTRAL ANGLE OF 28°16'17", THE CHORD OF WHICH BEARS SOUTH 38°52'25" EAST A DISTANCE OF 134.46 FEET; (3) THENCE NORTH 36°56'27" EAST A DISTANCE OF 290.58 FEET; (4) THENCE NORTH 44°15'12" WEST A DISTANCE OF 166.29 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 55.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 33°46'40" WEST; (5) THENCE ALONG SAID CURVE A DISTANCE OF 20.11 FEET THROUGH A CENTRAL ANGLE OF 20°57'05", THE CHORD OF WHICH BEARS NORTH 45°44'48" EAST A DISTANCE OF 20.00 FEET; (6) THENCE SOUTH 44°15'12" EAST A DISTANCE OF 163.20 FEET; (7) THENCE NORTH 36°56'27" EAST A DISTANCE OF 79.76 FEET; (8) THENCE NORTH 05°17'19" WEST A DISTANCE OF 183.94 FEET; (9) THENCE NORTH 20°16'48" EAST A DISTANCE OF 67.62 FEET; (10) THENCE SOUTH 74°09'40" EAST A DISTANCE OF 136.52 FEET; (11) THENCE SOUTH 84°22'26" EAST A DISTANCE OF 136.32 FEET; (12) THENCE NORTH 89°41'44" EAST A DISTANCE OF 293.96 FEET; (13) THENCE SOUTH 57°11'13" EAST A DISTANCE OF 263.31 FEET; (14) THENCE NORTH 85°38'09" EAST A DISTANCE OF 249.50 FEET; (15) THENCE NORTH 00°21'51" WEST A DISTANCE OF 121.56 FEET; (16) THENCE NORTH 58°29'36" WEST A DISTANCE OF 180.07 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 55.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 45°01'04" WEST; (17) THENCE ALONG SAID CURVE A DISTANCE OF 20.11 FEET THROUGH A CENTRAL ANGLE OF 20°57'05", THE CHORD OF WHICH BEARS NORTH 31°30'23" EAST A DISTANCE OF 20.00 FEET; (18) THENCE SOUTH 58°29'36" EAST A DISTANCE OF 167.64 FEET; (19) THENCE NORTH 00°21'51" WEST A DISTANCE OF 241.36 FEET; (20) THENCE NORTH 58°01'46" WEST A DISTANCE OF 178.22 FEET; (21) THENCE NORTH 00°16'16" WEST A DISTANCE OF 330.00 FEET; (22) THENCE SOUTH 89°41'44" WEST A DISTANCE OF 205.00 FEET; (23) THENCE NORTH 00°16'16" WEST A DISTANCE OF 35.00 FEET; (24) THENCE NORTH 89°41'44" EAST A DISTANCE OF 205.00 FEET; (25) THENCE NORTH 00°16'16" WEST A DISTANCE OF 220.00 FEET TO THE BOUNDARY LINE OF CASTLEWOOD RANCH SUBDIVISION, - FILING NO. 1 - PARCEL 6, RECORDED AT RECEPTION NO. 00030582, DOUGLAS COUNTY RECORDS; THENCE NORTH 89°41'44" EAST ALONG SAID SUBDIVISION BOUNDARY A DISTANCE OF 260.00 FEET TO THE EASTERLY LINE OF THE NORTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF SAID SECTION 17; THENCE SOUTH 00°16'16" EAST ALONG SAID EASTERLY LINE A DISTANCE OF 22.86 FEET TO THE NORTH ONE SIXTEENTH CORNER ON THE EASTERLY LINE OF SAID SECTION 17; THENCE SOUTH 00°21'51" EAST ALONG THE EASTERLY LINE OF THE SOUTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF SAID SECTION 17 A DISTANCE OF 1325.29 FEET TO THE EAST ONE QUARTER CORNER OF THE SAID SECTION 17; THENCE SOUTH 00°16'16" EAST ALONG THE EASTERLY LINE OF THE NORTHEAST ONE QUARTER OF THE SOUTHEAST ONE QUARTER OF SAID SECTION 17 A DISTANCE OF 1325.32 FEET TO SOUTH ONE SIXTEENTH CORNER ON THE EASTERLY LINE OF SAID SECTION 17; THENCE SOUTH 00°19'55" EAST A DISTANCE OF 1325.34 FEET TO THE SOUTHEAST CORNER OF SECTION 17 AND THE POINT OF BEGINNING.

CONTAINING 81.694 ACRES (3,556,592 SQUARE FEET), MORE OR LESS.

(EXEMPLAR – NOT FOR EXECUTION)

EXHIBIT 3
PUBLIC IMPROVEMENTS CONVEYANCE AND INITIAL ACCEPTANCE

TRANSFEROR:

TRANSFeree: Town of Castle Rock, a municipal corporation ("Town")
680 North Wilcox Street
Castle Rock, Colorado 80104

Transferor has caused to be constructed certain public improvements and facilities described in the attached **Exhibit A** (the "Improvements"), as required by Town to serve Castlewood Ranch Filing No. 1 – Parcel 10. Town will assume the obligation for maintenance and operation of the Improvements, located in rights-of-way, easements or other real property owned by Town, upon the conveyance of the Improvements to Town.

THEREFORE, Transferor grants, conveys and transfers to Town all its interest (real or personal) and title to the Improvements subject to the following:

1. Transferor warrants to Town that Transferor has a good title to the Improvements, free and clear of any lien, claim or right of any third party in or to the Improvements, and Transferor will defend Town's title to the Improvements against the claim of any third party.
2. Transferor warrants that the Improvements are located within the easement, right-of-way or other real property interest designated by the Town for siting of the Improvements. Town acknowledges receipt of as-built drawings of the Improvements dated _____.
3. Transferor warrants that, as constructed, all Improvements are in conformance with the current Town of Castle Rock standards and the approved construction plans, and are free from defects in design, material or workmanship. This warranty is for the period prescribed by the Town's Public Works Regulations commencing at the date of acceptance made below.
4. Transferor represents that the approximate amount of direct costs of construction of the Improvements (excluding engineering, financing, insurance, etc.), as determined in accordance with usual and customary construction accounting practices is as follows:

(EXEMPLAR – NOT FOR EXECUTION)

Water

Wastewater

Stormwater

Streets

Parks and recreation

TOTAL

5. Transferor concurrently submits to Town the surety attached as **Exhibit B** in the amount of 15% of the above total to secure Transferor's warranty obligation on the Improvements.

TRANSFEROR:

By:

Its:

ACCORDINGLY, Town accepts for ownership and maintenance of the Improvements effective _____, 200__.

TOWN OF CASTLE ROCK

Engineering Division

EXHIBIT 4

LOTS IN PARCEL 7, FILING 1
SERVED BY LIFT STATION

Lots 16, 17, 18, 19, 20, 21, and 22
Block 4

EXHIBIT 5
RESOLUTION

WHEREAS, the Board of Directors (the "Board") of the Castlewood Ranch Metropolitan District, Douglas County, Colorado ("District") has determined that it is in the best interests of the District and the inhabitants therein that the District (a) establish a 24 hour per day, 7 day per week contact person for any problems associated with the sewer grinder pumps servicing certain lots within the District until the lot owner accepts such maintenance responsibility, and (b) agree to be responsible for the cost of the westerly extension of Appelton Way in the event the Town of Castle Rock ("Town") relocates Ridge Road to the west of its existing location.

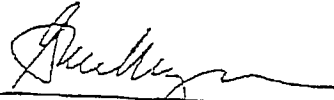
THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CASTLEWOOD RANCH METROPOLITAN DISTRICT, DOUGLAS COUNTY, COLORADO:

1. The District shall establish 24-hour per day, 7 day a week contact for homeowners who experience problems or need maintenance on the grinder pumps ("Grinder Pumps") in the retail service lines servicing certain lots ("Lots") in parcel 10 of Castlewood Ranch Filing 1.
2. In the event the Town responds to a Grinder Pump maintenance call, the District shall reimburse the Town for its direct labor and material expenses incurred in connection therewith until such time as the owner of the Lot assumes in writing the obligation to reimburse the Town for such expenses.
3. In the event the Town relocates Ridge Road to the west of its existing location after Appelton Way connects with Ridge Road, the District shall be responsible for the cost to design and construct the westerly extension of Appelton Way that will be required to again connect it with Ridge Road.
4. The officers and employees of the District are hereby authorized and directed to take all action necessary or appropriate to effect the provisions of this Resolution.
5. This Resolution shall take effect immediately upon its passage and the Town may rely upon the District's obligations herein set forth.

ADOPTED AND APPROVED this 26th day of March, 2001.

CASTLEWOOD RANCH METROPOLITAN DISTRICT

By:

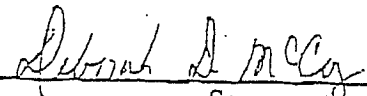


President

[DISTRICT SEAL]

ATTEST:

By:



Secretary

