

**CASTLEWOOD RANCH FILING NO. 1 – PARCEL 8
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 8 of Filing 1.

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 8 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 – Parcel 8.

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, Parcels 9 and 10 and a portion of Parcel 7 (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, Parcels 9 and 10 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. Open Space Tracts. Concurrently with recordation of this Agreement, Subdivider shall tender to Town a special warranty deed to Tract H. The manner of conveyance of Tract H, title insurance and quality of title shall be in accordance with the applicable provisions of Article VI of the Development Agreement. Property taxes on Tract H shall be prorated and paid by Subdivider with recordation of the deed.

On the Plat, Subdivider has conveyed to Town an easement for trail construction and maintenance over Tract G, which will be owned by a private association.

Section 13. Proposed Appleton Way Construction. As part of the Improvements, Appleton Way will be connected to Ridge Road. However, Subdivider acknowledges that, in the future, the Town may relocate Ridge Road to the west, necessitating the westerly extension of Appleton Way to the relocated Ridge Road (the "Extension"). In the event of such relocation, Subdivider shall cause the District to pay for the cost of the Extension on such terms and conditions as Town and District may specify in the applicable funding agreement. Attached as **Exhibit 5** is a resolution of the District acknowledging responsibility for funding the Extension.

Any Improvements located within the landscaped median adjacent to Ridge Road and Appleton way will be the responsibility of the district to own and maintain. This area shall be dedicated to the HOA/District as part of the Plat. The Town will not be responsible for any improvements located in this area.

Section 14. 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 8 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 15. 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 16. 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 17. 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 18. 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 19. 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 20. 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 21. 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

EXHIBIT 2

PROPERTY DESCRIPTION

THAT PORTION 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 WEST LINE OF THE NORTHWEST ONE QUARTER OF SECTION 17 AS BEARING SOUTH 00°24'33" EAST AS MONUMENTED ON THE NORTH BY A 2 1/2" ALUMINUM CAPPED MONUMENT STAMPED "ARCHER & ASSOC. 1967 LS 6R25" AND ON THE SOUTH BY A 2 1/2" ALUMINUM CAPPED MONUMENT STAMPED "GREENHORNE & O'KARA, INC. 1995 PLS 28E56", WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 17, THENCE NORTH 00°24'33" WEST ALONG THE WEST LINE OF SAID SECTION 17 A DISTANCE OF 250.14 FEET, THENCE NORTH 85°35'27" EAST A DISTANCE OF 30.00 FEET TO THE SOUTHWEST CORNER OF CASTLEWOOD RANCH SUBDIVISION - FILING NO. 1 - PARCEL 3, RECORDED AT RECEPTION NO. 00030562, DOUGLAS COUNTY RECORDS AND THE EASTERLY RIGHT OF WAY OF RIDGE ROAD, SAID POINT ALSO BEING THE POINT OF BEGINNING; THENCE ALONG THE SOUTHERLY BOUNDARY LINE OF SAID SUBDIVISION THE FOLLOWING SIX (6) COURSES: (1) NORTH 85°22'13" EAST A DISTANCE OF 469.67 FEET; (2) THENCE SOUTH 00°24'33" EAST A DISTANCE OF 24.79 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 55.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 85°36'13" EAST; (3) THENCE ALONG SAID CURVE A DISTANCE OF 86.17 FEET THROUGH A CENTRAL ANGLE OF 89°46'00", THE CHORD OF WHICH BEARS NORTH 44°29'13" EAST A DISTANCE OF 77.62 FEET; (4) THENCE SOUTH 85°22'13" WEST A DISTANCE OF 111.79 FEET; (5) THENCE NORTH 00°11'49" WEST A DISTANCE OF 221.80 FEET; (6) THENCE NORTH 85°48'11" EAST A DISTANCE OF 623.31 FEET TO THE EASTERLY RIGHT OF WAY OF LANTERN TRAIL AND CASTLEWOOD RANCH SUBDIVISION - FILING NO. 1 - PARCEL 2 RECORDED AT RECEPTION NO. 00012541, DOUGLAS COUNTY RECORDS; THENCE ALONG THE BOUNDARY OF SAID SUBDIVISION THE FOLLOWING SIXTEEN (16) COURSES: (1) THENCE SOUTH 04°12'23" EAST A DISTANCE OF 24.98 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY HAVING A RADIUS OF 480.00 FEET; (2) THENCE ALONG SAID CURVE A DISTANCE OF 101.48 FEET THROUGH A CENTRAL ANGLE OF 12°05'52" THE CHORD OF WHICH BEARS SOUTH 10°15'49" EAST A DISTANCE OF 101.30 FEET; (3) THENCE SOUTH 24°38'57" WEST A DISTANCE OF 36.89 FEET; (4) THENCE SOUTH 22°53'19" EAST A DISTANCE OF 60.00 FEET; (5) THENCE SOUTH 70°25'35" EAST A DISTANCE OF 36.89 FEET TO A NON-TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 480.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 60°32'36" EAST; (6) THENCE ALONG SAID CURVE A DISTANCE OF 344.81 FEET THROUGH A CENTRAL ANGLE OF 41°05'30", THE CHORD OF WHICH BEARS SOUTH 50°02'09" EAST A DISTANCE OF 337.44 FEET; (7) THENCE SOUTH 28°36'42" EAST A DISTANCE OF 36.89 FEET; (8) THENCE SOUTH 71°30'34" EAST A DISTANCE OF 55.27 FEET; (9) THENCE NORTH 55°16'46" EAST A DISTANCE OF 44.29 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 480.00 FEET, A RADIAL LINE BEARS NORTH 05°14'56" EAST; THENCE ALONG SAID CURVE A DISTANCE OF 47.23 FEET THROUGH A CENTRAL ANGLE OF 05°42'33", THE CHORD OF WHICH BEARS SOUTH 86°36'19" EAST A DISTANCE OF 47.81 FEET; (11) THENCE SOUTH 85°27'35" EAST A DISTANCE OF 236.73 FEET TO A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 480.00 FEET; (12) THENCE ALONG SAID CURVE A DISTANCE OF 41.07 FEET THROUGH A CENTRAL ANGLE OF 04°54'13", THE CHORD OF WHICH BEARS NORTH 88°05'19" EAST A DISTANCE OF 41.07 FEET; (13) THENCE LEAVING SAID LANTERN TRAIL SOUTH 04°21'48" EAST A DISTANCE OF 456.91 FEET; (14) THENCE NORTH 81°15'46" EAST A DISTANCE OF 800.41 FEET TO THE SOUTHWESTERLY LINE OF A 225 FOOT PUBLIC SERVICE COMPANY EASEMENT RECORDED AT BOOK 156, PAGE 247; (15) THENCE ALONG SAID PUBLIC SERVICE COMPANY EASEMENT NORTH 24°43'16" WEST A DISTANCE OF 690.01 FEET TO SAID SOUTHERLY LANTERN TRAIL RIGHT OF WAY; (16) THENCE LEAVING SAID PUBLIC SERVICE COMPANY EASEMENT LINE AND ALONG SAID SOUTHERLY LANTERN TRAIL RIGHT OF WAY NORTH 60°28'23" EAST A DISTANCE OF 225.79 FEET TO THE NORTHEASTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT; THENCE LEAVING SAID LANTERN TRAIL AND ALONG THE NORTHEASTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT, SOUTH 24°43'16" EAST A DISTANCE OF 538.30 FEET; THENCE LEAVING SAID CASTLEWOOD RANCH SUBDIVISION FILING NO. 1 - PARCEL 2, CONTINUING SOUTH 24°43'16" EAST, ALONG THE NORTHEASTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT, A DISTANCE OF 267.85 FEET; THENCE SOUTH 30°21'56" WEST A DISTANCE OF 194.86 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 225.00 FEET; THENCE ALONG SAID CURVE A DISTANCE OF 72.66 FEET THROUGH A CENTRAL ANGLE OF 15°30'10", THE CHORD OF WHICH BEARS SOUTH 38°37'03" WEST A DISTANCE OF 72.34 FEET; THENCE SOUTH 24°43'16" EAST A DISTANCE OF 51.72 FEET TO A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 275.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 36°05'06" WEST; THENCE ALONG SAID CURVE A DISTANCE OF 103.42 FEET THROUGH A CENTRAL ANGLE OF 2°32'54", THE CHORD OF WHICH BEARS NORTH 41°06'25" EAST A DISTANCE OF 102.82; THENCE NORTH 30°21'56" EAST A DISTANCE OF 63.51 FEET; THENCE NORTH 71°31'17" EAST A DISTANCE OF 22.66 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 215.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 15°41'31" EAST; THENCE ALONG SAID CURVE A DISTANCE OF 69.48 FEET THROUGH A CENTRAL ANGLE OF 16°30'55" THE CHORD OF WHICH BEARS SOUTH 75°33'57" EAST A DISTANCE OF 69.18 FEET; THENCE SOUTH 24°43'16" EAST A DISTANCE OF 46.13 FEET TO THE WEST LINE OF THE MIKELSON NO. 4 WELL FIELD; THENCE SOUTH 00°35'04" EAST ALONG THE WEST LINE OF SAID MIKELSON NO. 4 WELL FIELD, A DISTANCE OF 102.00 FEET; THENCE NORTH 85°23'56" EAST ALONG THE SOUTH LINE OF SAID MIKELSON NO. 4 WELL FIELD, A DISTANCE OF 46.36 FEET TO THE NORTHEASTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT; THENCE SOUTH 24°43'16" EAST ALONG THE NORTHEASTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT, A DISTANCE OF 2206.34 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17; THENCE SOUTH 85°23'56" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17, A DISTANCE OF 1512.97 FEET; THENCE LEAVING THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17, SOUTH 64°41'53" EAST A DISTANCE OF 162.47 FEET; THENCE NORTH 64°59'10" EAST A DISTANCE OF 814.76 FEET; THENCE NORTH 25°48'54" EAST A DISTANCE OF 277.88 FEET TO THE SOUTHWESTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT; THENCE NORTH 24°43'16" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID PUBLIC SERVICE COMPANY EASEMENT, A DISTANCE OF 225.58 FEET; THENCE NORTH 78°02'15" WEST, ALONG THE 254.07 FEET; THENCE SOUTH 84°38'32" WEST A DISTANCE OF 244.08 FEET; THENCE SOUTH 74°53'31" WEST A DISTANCE OF 279.93 FEET; THENCE NORTH 31°16'49" WEST A DISTANCE OF 291.96 FEET; THENCE SOUTH 58°43'11" WEST A DISTANCE OF 235.00 FEET; THENCE NORTH 31°16'49" WEST A DISTANCE OF 62.64 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 475.00 FEET; THENCE ALONG SAID CURVE A DISTANCE OF 111.27 FEET THROUGH A CENTRAL ANGLE OF 13°25'18", THE CHORD OF WHICH BEARS NORTH 24°34'10" WEST A DISTANCE OF 111.02 FEET; THENCE NORTH 17°51'31" WEST A DISTANCE OF 80.98 FEET; THENCE NORTH 72°06'29" EAST A DISTANCE OF 237.79 FEET; THENCE NORTH 17°51'31" WEST A DISTANCE OF 389.92 FEET; THENCE NORTH 37°55'13" WEST A DISTANCE OF 224.47 FEET; THENCE SOUTH 81°15'46" WEST A DISTANCE OF 206.20 FEET; THENCE SOUTH 34°48'06" WEST A DISTANCE OF 115.30 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 225.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS SOUTH 34°49'06" WEST; THENCE ALONG SAID CURVE A DISTANCE OF 74.50 FEET THROUGH A CENTRAL ANGLE OF 18°36'12", THE CHORD OF WHICH BEARS NORTH 64°39'58" WEST A DISTANCE OF 74.16 FEET; THENCE NORTH 74°09'04" WEST A DISTANCE OF 176.17 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 475.00 FEET; THENCE ALONG SAID CURVE A DISTANCE OF 122.74 FEET THROUGH A CENTRAL ANGLE OF 14°48'18", THE CHORD OF WHICH BEARS NORTH 65°44'55" WEST A DISTANCE OF 122.40 FEET; THENCE SOUTH 35°28'24" WEST A DISTANCE OF 50.16 FEET; THENCE SOUTH 78°48'12" WEST A DISTANCE OF 21.89 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 235.00 FEET, A RADIAL LINE FROM SAID CURVE BEARS NORTH 53°18'48" WEST; THENCE ALONG SAID CURVE A DISTANCE OF 30.52 FEET THROUGH A CENTRAL ANGLE OF 0°26'26", THE CHORD OF WHICH BEARS SOUTH 40°23'26" WEST A DISTANCE OF 30.05 FEET; THENCE SOUTH 00°35'20" EAST A DISTANCE OF 224.70 FEET TO THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 17; THENCE SOUTH 85°24'40" WEST ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 17, A DISTANCE OF 1024.80 FEET TO THE SOUTHWEST ONE SIXTEENTH SECTION CORNER; THENCE ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 17, NORTH 00°26'21" WEST, A DISTANCE OF 1325.19 FEET TO THE CENTER WEST ONE SIXTEENTH CORNER OF SAID SECTION 17; THENCE SOUTH 85°22'13" WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, A DISTANCE OF 830.07 FEET; THENCE NORTH 00°24'36" WEST A DISTANCE OF 220.01 FEET; THENCE SOUTH 85°22'13" WEST A DISTANCE OF 158.55 FEET; THENCE SOUTH 00°37'47" EAST A DISTANCE OF 12.00 FEET; THENCE SOUTH 85°22'13" WEST A DISTANCE OF 310.16 FEET TO THE EASTERLY RIGHT-OF-WAY OF RIDGE ROAD; THENCE ALONG SAID EASTERLY RIGHT-OF-WAY NORTH 00°24'33" WEST A DISTANCE OF 42.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 194.750 ACRES (4,562,899 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 8. 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

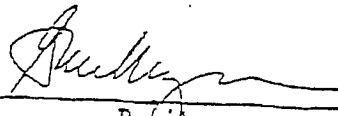
WHEREAS, the Board of Directors (the "Board") of the Castlewood Ranch Metropolitan District, Douglas County, Colorado ("District") has determined that it is in the best interests of the District and the inhabitants therein that the District (a) establish a 24 hour per day, 7 day per week contact person 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



