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**CASTLEWOOD RANCH FILING NO. 2 – PARCEL 1
SUBDIVISION IMPROVEMENTS AGREEMENT**

DATE: MARCH 7, 2003.

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

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

BOARD

DIRECTORS: Keith M. Pockross
Linda Sasenick
Gene W. Myers
Edward Johnson
David J. Erb

RECITALS:

A. Subdivider desires to plat and subdivide certain property as Castlewood Ranch Filing No. 2 (Subdivision), more particularly described in the attached **Exhibit 1** (Property).

B. The subdivision regulations of the Castle Rock Municipal Code require that the Subdivider construct certain 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.

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D. Board Directors have ownership interests in the Property (Directors Tracts) as members of the Board of Directors of the Castlewood Ranch Metropolitan District, but do not intend to participate in the development of the Property, which will be undertaken solely by Subdivider. Subdivider is the beneficiary of a lien against the Directors Tracts. Consequently, Board Directors hereby join this Agreement for the purposes set forth in this Recital and subject to the exculpation provisions set forth in Section 24 below, and Subdivider hereby subordinates its interests in the Directors Tracts to this Agreement.

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. 2 – Parcel 1 Subdivision Improvements Agreement.

Code: the Castle Rock Municipal Code, as amended.

Development Agreement: the Castlewood Ranch Development Agreement dated June 11, 1998, recorded in the Records on December 21, 1998 at Reception No. 98105516, beginning in Book 1644 at Page 549.

Director: the Town's Assistant Town Manager of Development Services, or designee.

District: the Castlewood Ranch Metropolitan District.

Final Site Plan: the final PD site plan for the Subdivision as approved by the Town on June 10, 2002.

Improvements: the water, wastewater, stormwater drainage, transportation, 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.

Phase: a distinct geographical area of the Subdivision so designated in the Plans (or, if applicable, a sub-Phase).

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 within a particular Phase.

Phasing Plan: the depiction or description in the Plans of the Phases and the Improvements to be constructed with each Phase, as approved by the Director.

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.

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

Preliminary Plat: the Castlewood Ranch Filing No. 2 preliminary subdivision plat approved by the Town on June 10, 2002.

Property: the property described in the attached *Exhibit 1*.

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

Subdivision: the Castlewood Ranch Filing No. 2 subdivision.

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

Certain other terms are defined elsewhere in this Agreement. To the extent the Districts undertakes construction of Improvements, the references in this Agreement to Subdivider shall apply to the Districts. Subdivider and District shall determine which Improvements each shall construct, provided that the District is authorized under its service plan to develop the Improvements it is allocated. 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 Regulations. The Improvements may be constructed by Phase, in accordance with the applicable Phasing Plan. 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 (which shall not be unreasonable delayed by Town by failing to process, review and comment on applications in a timely manner) 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 Plans 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 Subdivision. For purposes of this Section 2, Subdivider's compliance with Section 5 of this Agreement shall presumptively demonstrate Subdivider's good faith intention and financial ability to proceed and complete development of the Subdivision.

Phase Improvements must be completed not later than one year after the date of issuance of the last applicable public works permit for such Phase, provided that the completion date shall 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.

Section 3. Restrictions Pending Completion of Improvements. No building permits shall be issued by Town within any Phase until the Phase Improvements applicable to the Phase are substantially completed, except when authorized by the Director, as further provided in this section. 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 may concur in the issuance of one or more designated building permits prior to substantial completion of the applicable Phase Improvements, if unusual and unanticipated circumstances warrant relaxing the substantial completion requirement. 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. In no event shall the Director concur in 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.

Section 4. Acceptance of Improvements. Upon substantial completion of the Phase Improvements, Subdivider may request inspection. Town shall make inspection within 5 working days of the date Subdivider requests final inspection, and Town shall notify Subdivider of non-conforming work within 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 2**. With conveyance of the Phase Improvements, the applicable warranty period commences.

Section 5. 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, including early grading and erosion control (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 (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.

Provided further, to the extent District constructs Improvements, District may satisfy the Security requirements through establishment of the escrow authorized under 7.02 of the Development Agreement.

Section 6. 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, any portion of the Security pertaining to the Phase Landscaping shall be released and 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, 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 7. Water Rights. The water rights requirement under the Code for the Property was addressed at the time of approval of the Development Agreement. No further water rights or water resources are required to be transferred to the Town.

Section 8. PLD Conveyance. Concurrently with recordation of this Agreement, Subdivider shall convey to Town Tracts A (school), N (detention) and L (park) by special warranty deed, in the manner, and with the quality of title, prescribed by 6.03 of the Development Agreement. With such deed, Subdivider shall deliver to Town a title insurance commitments proposing to insure the Town's title to all three Tracts, respectively, in the amount of \$10,000 per acre, and Subdivider shall pay the premium for the title insurance policy. Subdivider shall indemnify and hold Town harmless from any 2002 and 2003 property taxes due and payable prior to the recordation of this Agreement on Tracts A, N and L.

Section 9. Regional Detention Pond. Subdivider shall design and construct the regional detention pond on Tract N (Detention Pond) in conformance with the standards of the Office of the State Engineer. The Detention Pond is classified as, and shall be constructed as a jurisdictional dam, pursuant to the rules and regulations for dam safety and dam construction of the Colorado State Division of Water Resources, Office of the State Engineer for a Class II jurisdictional dam.

By separate Intergovernmental Agreement, Town and District have provided a mechanism by which the District will bear the cost of the maintenance and repair of the Detention Pond. Accordingly, Subdivider shall not be responsible for such maintenance.

Section 10. Slope Stabilization. Subdivider shall be responsible for any improvements/and or remedial measures deemed necessary pursuant to the slope stabilization report dated and August 13, 2002 and accepted by the Town and the Colorado Geological Survey. The required measures shall be completed before any structural building permits for homes are issued for development within the Subdivision.

Section 11. Park Site Improvements. Except as provided herein, Subdivider, at its sole expense, shall be responsible for all grading and/or fill needed to provide a developable park site on Tract L (Park Site) in accordance with the grading plan attached hereto as *Exhibit 3* by the placement of fill in conformance with the specifications written by CTL/Thompson and attached hereto as *Exhibit 4*. Subdivider and the Town acknowledge and agree that the costs for said grading and/or fill are reasonably estimated to be \$158,585; provided, however, that if a substantial amount of time lapses between the execution of this Agreement and the commencement of the foregoing activities, the Town shall have the right

to request that Subdivider provide then-current estimations as established by Subdivider's engineers. Subdivider shall be responsible for the costs related to the retention of CTL/Thompson or other consultant reasonably acceptable to the Town for verification of conformance of the fill with the requirements outlined in **Exhibit 4**. Subdivider shall have the right to raise the contours from those depicted in **Exhibit 3** due to the existence of rock in any areas of cut and/or the availability of additional fill material subject to a re-grading plan approved by the Town, which approval shall not be unreasonably withheld.

It is acknowledged and agreed by both parties hereto that this work will take place over an extended period of time as fill material becomes available from Subdivision development. Notwithstanding the foregoing, it is the intent of the parties hereto that the developable Park Site will be completed on or before June 1, 2006. Prior to the commencement of development of any portion of the Subdivision other than Parcel 1, Subdivider covenants and agrees to provide collateral in the form of either a letter of credit or cash escrow, as determined by Subdivider in Subdivider's sole discretion, securing Subdivider's Park Site obligations set forth in this Section in an amount equal to the above-described estimate (as the same may be re-estimated as provided above) and in a form reasonably acceptable to the Town. The Town shall have the right to draw upon the security provided and deposit drawn funds into an escrow for completion of the Park Site obligations in the event that: (i) Subdivider does not renew any applicable letters of credit (including, until released, any existing letters of credit for Phases 2A, 3 and 6A of Parcel 1) at least five (5) business days prior to the expiration thereof; or (ii) Subdivider has not provided fill at a fifty percent (50%) completion level as of the time Subdivider pulls the 282nd building permit, Subdivider has not provided fill at a seventy-five percent (75%) completion level at the time Subdivider pulls the 483rd permit, or Subdivider has not provided all fill for the Park Site by the earlier of (a) the time Subdivider pulls the 505th permit or (b) June 1, 2006. As a condition of Subdivider's agreement to provide collateral security for the Park Site obligations, Subdivider and the Town hereby acknowledge and agree that provision of said collateral prior to Subdivider pulling the 282nd building permit shall be a condition for release or reduction below 115% (in aggregate) of the estimated cost of the Park Site obligations of the existing letters of credit issued on behalf of Subdivider to the Town and pertaining to Phases 2A, 3 and 6A in Parcel 1, and the Town shall have the right to draw upon said letters of credit to complete the Park Site in accordance with the provisions hereof until such time as other collateral is provided. Notwithstanding any provision to the contrary herein, Subdivider shall have the right to commence and, as applicable, continue development of Parcel 1 without regard to the existence or non-existence of collateral for the above-described Park Site obligations.

Section 12. Wildlife Reporting. All monthly wildlife reports filed by Subdivider to the Colorado Division of Wildlife and US Fish and Wildlife Service shall be provided to the Town's Development Services Department.

Section 13. Signal Participation. Concurrently with recordation of this Agreement, Subdivider shall pay to Town \$50,500, which amount represents the Subdivision's pro rata share of the estimated installation cost of the traffic signals at Enderud and Mikelson

Boulevard and, Ridge Road and Enderud, and the pro rata share (50%) of the cost of a pedestrian crossing signal at Miller and Mikelson Boulevard. The intersection and pedestrian crossing signalization shall be installed by Town when warranted, as reasonably determined by Town, without further financial participation attributed to the Subdivision, irrespective of the actual cost incurred by Town in such installations. The required payment of \$50,500 shall not entitle Subdivider to any offsets or reductions against impact fees imposed under the Code.

Section 14. Lift Station. A wastewater lift station is required to serve the Property (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. However, Town will 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.

The Town will own and maintain the Lift Station upon its completion, dedication and acceptance. The costs the Town will incur in operation of the Lift Station are supplemental to the usual and customary costs incurred by the Town in operation of a gravity wastewater collection system. In order to defray such supplemental costs, Subdivider shall pay to Town the sum of \$152,230, which represents the agreed present value of the future operation and maintenance cost of the Lift Station (Operational Subsidy). To secure the obligation to pay the Operational Subsidy as provided below, Subdivider shall either establish a cash escrow or provide the Town with a letter of credit (LC) in the amount of 100% of the Operational Subsidy (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 Town'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 Town. The Town shall collect the Operational Subsidy as follows:

- (a) with each building permit issued on the Property, the builder shall pay to Town the sum of \$303.25 (Surcharge);
- (b) the Surcharge collected by the Town in this manner shall reduce the balance of the Operational Subsidy dollar for dollar; and
- (b) any unrecovered balance of the Operational Subsidy as of December 31, 2005 shall be immediately due and payable from the OS Security, which the Town may call on or after January 1, 2006.

Section 15. Blasting Requirements. All onsite blasting shall be performed by a contractor that is licensed by the State of Colorado and is accepted by the Colorado Geological Survey for their competency in managing and monitoring the impacts of blasting on the surrounding geological formations. Alternatively, a third party reviewer may be retained by Town, at Subdivider's expense, to provide an independent review of the blasting plans and procedures. All blasting shall be conducted in strict compliance with all applicable State, Federal and Town regulations. In the event that blasting at the site creates a hazardous situation along the eastern cliff edge, as determined by the blast monitors and the CGS, all blasting shall cease until the hazard has been mitigated at Subdivider's expense.

Section 16. School Drainage. Subdivider shall design and construct, at Subdivider's sole expense, the Subdivision storm water Facilities to accept, detain and release the developed flows from the elementary school in accordance with Town Regulations. Provided further, Subdivider shall not be responsible for construction of the on-site stormwater collection system on the school site and connecting the outfall to the Facilities constructed by Subdivider.

Section 17. Application of Development Agreement. The Development Agreement contains certain other conditions and requirements which apply to the development of the Property, however, In the event of a conflict between the Development Agreement and this Agreement, this Agreement shall govern and control.

Section 18. Construction Damage. Subdivider shall be responsible for any extraordinary damage to Town roads and/or public improvements, resulting from the gross negligence of contractors working on the Improvements or private improvements. Subdivider may assign responsibility and liability for such construction damage to the builders within the Subdivision, provided Subdivider remains obligated to repair damage, in the event the assignee fails to do so, as a result of construction traffic from the Subdivision.

Section 19. 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. 2 – Parcel 1 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 20. Subdivider's Default. The following occurrences constitute a default of this Agreement by Subdivider:

- (a) failure to 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) after commencing construction of such Phase Improvements, 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) 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;
- (e) 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 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 Subdivider.

Section 21. 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 or as otherwise specifically authorized by this Agreement, withhold issuance of building permits within the affected Phase;
- (c) 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
- (d) bring suit against the defaulting party for money damages and/or equitable relief for breach of the Agreement.

Section 22. Town Default and Remedies. In the event Town should fail to timely perform its obligations under this Agreement, Subdivider shall give written notice to Town of such default and Town shall have 10 calendar days from the receipt of such notice to cure the default. If the default is not timely cured, Subdivider shall have the right to seek legal and/or equitable relief against the Town.

Section 23. 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 24. Board Directors Liability. Board Directors are signatories to this Agreement solely to subordinate their interest in the Directors Tracts to this Agreement. Board Directors assume no obligation to undertake or perform any obligation of Subdivider under this Agreement, and Board Directors shall have no liability to Town of any nature, in the event of a default of this Agreement by Subdivider.

Section 25. 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 26 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 27 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

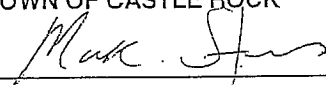
if to Town: Town of Castle Rock
Attn: Town Attorney
100 Wilcox Street
Castle Rock, CO 80104

Section 28 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.

Section 29 Immunity. Nothing contained in this Agreement constitutes a waiver of the Town's sovereign immunity under any applicable state law.

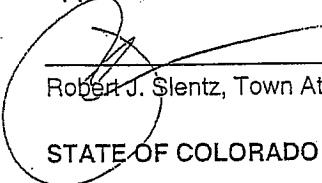
Section 30. Assignment. Subdivider's obligations under this Agreement may be assigned to a homebuilder(s) in conjunction with the conveyance a portion of the Property, provided such assignee expressly assumes Subdivider's obligation insofar as it relates to assignee's interest in that portion of the Property so acquired. Thereafter Subdivider shall be released of any obligation so assumed by an assignee, and Town shall look solely to the assignee in the event of a default by assignee, provided Town may call any Security which was posted by Subdivider and secures the performance of an obligation of the assignee.

TOWN OF CASTLE ROCK



Mark Stevens, Town Manager

Approved as to form:



Robert J. Slentz, Town Attorney

STATE OF COLORADO)

)

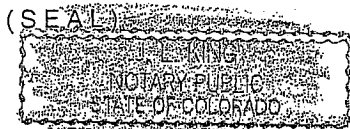
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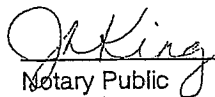
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this 7TH day of March, 2003, by Mark Stevens as Town Manager the Town of Castle Rock.

Witness my official hand and seal.

My Commission expires: 9-21-03.





Notary Public

BOARD DIRECTORS JOINDER

By execution of this Agreement, the undersigned Board Director hereby joins this Agreement for the purposes set forth in Recital D and subject to the exculpation provisions of Section 24 hereof.

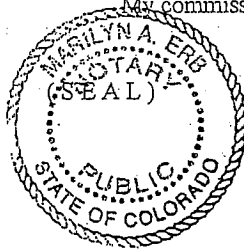
BOARD DIRECTOR:

Linda Sasenick
Linda Sasenick

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 10th day of January, 2003 by Linda Sasenick..

Witness my official hand and seal.
My commission expires: 11-1-03.

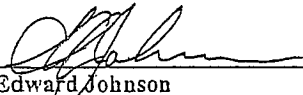


Marilyn A. Erb
Notary Public

BOARD DIRECTORS JOINDER

By execution of this Agreement, the undersigned Board Director hereby joins this Agreement for the purposes set forth in Recital D and subject to the exculpation provisions of Section 24 hereof.

BOARD DIRECTOR:

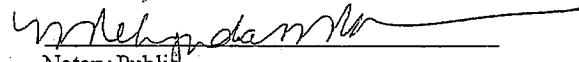

Edward Johnson

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 9th day of January, 2003 by Edward Johnson.

Witness my official hand and seal.
My commission expires: 12/11/2005




Notary Public

BOARD DIRECTORS JOINDER

By execution of this Agreement, the undersigned Board Director hereby joins this Agreement for the purposes set forth in Recital D and subject to the exculpation provisions of Section 24 hereof.

BOARD DIRECTOR:

[Handwritten Signature]

Keith M. Pockross

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 9th day of January, 2003 by Keith M. Pockross.

FAYE C. ROEHN official hand and seal.
NOTARY PUBLIC commission expires: _____
STATE OF COLORADO
My Commission Expires Oct. 4, 2006
(SEAL)

[Handwritten Signature]
Notary Public

EXHIBIT 1

LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 8 AND THE WEST ONE-HALF OF SECTION 9, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 9, BEING MONUMENTED AT THE SOUTHWEST CORNER OF SECTION 9 BY A 2-1/2" ALUMINUM CAP STAMPED LS 28656 AND AT THE WEST ONE-SIXTEENTH CORNER OF SECTION 9 BY A 2-1/2" ALUMINUM CAP STAMPED LS 28656, ASSUMED TO BEAR N88°55'46"E.

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 9, THENCE ALONG THE NORTHERLY BOUNDARY OF CASTLEWOOD RANCH FILING NO. 1 - PARCEL - 6 THE FOLLOWING THREE (3) COURSES:

1. N 00°18'16" W A DISTANCE OF 50.00 FEET;
2. S 89°41'44" W A DISTANCE OF 110.71 FEET;
3. N 65°59'53" W A DISTANCE OF 209.93 FEET TO THE EASTERLY LINE OF CASTLEWOOD RANCH FILING NO. 1 - PARCEL - 1;

THENCE ALONG SAID EASTERLY LINE THE FOLLOWING TEN (10) COURSES:

1. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 64°14'20" W, HAVING A RADIUS OF 757.50 FEET, A CENTRAL ANGLE OF 21°31'42" AND AN ARC LENGTH OF 284.62 FEET;
2. N 48°23'01" E A DISTANCE OF 12.29 FEET;
3. N 01°19'44" E A DISTANCE OF 60.00 FEET;
4. N 45°43'33" W A DISTANCE OF 12.29 FEET;
5. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT WHOSE RADIUS POINT BEARS S 88°25'30" W, HAVING A RADIUS OF 757.50 FEET, A CENTRAL ANGLE OF 21°17'47" AND AN ARC LENGTH OF 281.56 FEET;
6. N 22°52'17" W A DISTANCE OF 302.82 FEET;
7. N 21°06'19" E A DISTANCE OF 6.17 FEET;
8. N 25°09'21" W A DISTANCE OF 50.00 FEET;
9. N 71°36'35" W A DISTANCE OF 5.81 FEET;
10. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT WHOSE RADIUS POINT BEARS S 62°53'22" W, HAVING A RADIUS OF 757.50 FEET, A CENTRAL ANGLE OF 23°39'50" AND AN ARC LENGTH OF 312.86 FEET;

THENCE N 89°10'47" E A DISTANCE OF 608.16 FEET TO THE SOUTH ONE-SIXTEENTH BETWEEN SECTIONS 8 AND 9;

THENCE N 00°44'50" W ALONG THE WEST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 9 A DISTANCE OF 1340.86 FEET TO THE WEST ONE-QUARTER CORNER OF SECTION 9;

THENCE N 00°43'02" W ALONG THE WEST OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9 A DISTANCE OF 170.97 FEET;

THENCE THE FOLLOWING SIX (6) COURSES:

1. N 89°44'32" E A DISTANCE OF 959.30 FEET;
2. S 78°57'00" E A DISTANCE OF 234.34 FEET;
3. ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS N 78°34'17" E, HAVING A RADIUS OF 435.00 FEET, A CENTRAL ANGLE OF 36°19'32" AND AN ARC LENGTH OF 275.79 FEET;
4. N 24°53'49" E A DISTANCE OF 105.35 FEET;
5. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 65°06'11" W, HAVING A RADIUS OF 515 FEET, A CENTRAL ANGLE OF 25°36'51" AND AN ARC LENGTH OF 230.23 FEET;
6. N 00°43'02" W A DISTANCE OF 628.40 FEET TO THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9;

THENCE N 89°44'32" E ALONG SAID NORTH LINE A DISTANCE OF 70.00 FEET;

EXHIBIT 1

THENCE THE FOLLOWING TWENTY (20) COURSES:

1. S 00°43'02" E A DISTANCE OF 627.84 FEET;
2. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 89°16'58" W, HAVING A RADIUS OF 585.00 FEET, A CENTRAL ANGLE OF 25°36'51" AND AN ARC LENGTH OF 261.52 FEET;
3. S 24°53'49" W A DISTANCE OF 105.35 FEET;
4. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS S 65°06'11" E, HAVING A RADIUS OF 365.00 FEET, A CENTRAL ANGLE OF 43°21'42" AND AN ARC LENGTH OF 278.23 FEET;
5. S 18°27'54" E A DISTANCE OF 479.89 FEET;
6. N 26°32'06" E A DISTANCE OF 28.28 FEET;
7. N 71°32'06" E A DISTANCE OF 134.90 FEET;
8. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 18°27'54" E, HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 08°58'55" AND AN ARC LENGTH OF 27.43 FEET;
9. N 80°31'02" E A DISTANCE OF 233.36 FEET;
10. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 09°28'58" W, HAVING A RADIUS OF 225.00 FEET, A CENTRAL ANGLE OF 17°02'43" AND AN ARC LENGTH OF 66.94 FEET;
11. S 77°35'08" E A DISTANCE OF 212.94 FEET;
12. S 35°15'10" E A DISTANCE OF 68.05 FEET;
13. N 54°44'50" E A DISTANCE OF 165.52 FEET;
14. N 35°15'10" W A DISTANCE OF 123.94 FEET;
15. N 12°24'52" E A DISTANCE OF 35.00 FEET;
16. N 77°35'08" W A DISTANCE OF 32.34 FEET;
17. N 22°49'37" E A DISTANCE OF 157.06 FEET;
18. N 66°53'52" E A DISTANCE OF 241.86 FEET;
19. N 00°42'23" W A DISTANCE OF 54.81 FEET;
20. N 89°33'38" E A DISTANCE OF 194.60 FEET TO THE NORTH-SOUTH CENTERLINE OF SAID SECTION 9;

THENCE S 00°26'22" E ALONG SAID CENTERLINE AND ALONG THE WESTERLY LINE OF CASTLEWOOD SUBDIVISION A DISTANCE OF 190.94 FEET TO THE CENTER ONE-QUARTER OF SECTION 9;

THENCE THE FOLLOWING FIVE (5) COURSES:

1. N 89°32'49" E A DISTANCE OF 46.58 FEET;
2. S 00°27'11" E A DISTANCE OF 515.52 FEET;
3. N 82°34'48" W A DISTANCE OF 233.36 FEET;
4. S 74°13'18" W A DISTANCE OF 265.93 FEET;
5. S 50°27'23" W A DISTANCE OF 372.34 FEET TO THE NORTHERLY LINE OF MIKELSON NO. 3 WELL;

THENCE ALONG THE NORTHERLY AND WESTERLY LINES OF MIKELSON NO. 3 WELL THE FOLLOWING TWO (2) COURSES:

1. S 88°55'46" W A DISTANCE OF 133.15 FEET;
2. S 01°04'14" E A DISTANCE OF 150.00 FEET;

THENCE THE FOLLOWING ELEVEN (11) COURSES:

1. S 49°52'31" W A DISTANCE OF 211.62 FEET;
2. N 38°18'32" W A DISTANCE OF 126.40 FEET;
3. N 82°08'17" W A DISTANCE OF 164.64 FEET;
4. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT WHOSE RADIUS POINT BEARS S 84°40'19" E, HAVING A RADIUS OF 365.00 FEET, A CENTRAL ANGLE OF 68°55'21" AND AN ARC LENGTH OF 439.07 FEET;
5. S 63°35'40" E A DISTANCE OF 287.59 FEET;
6. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 26°24'20" W, HAVING A RADIUS OF 435.00 FEET, A CENTRAL ANGLE OF 106°11'46" AND AN ARC LENGTH OF 806.26 FEET;
7. S 45°33'49" E A DISTANCE OF 221.55 FEET;
8. N 26°28'20" E A DISTANCE OF 255.29 FEET;
9. S 62°25'50" E A DISTANCE OF 318.35 FEET;
10. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 27°34'10" E, HAVING A RADIUS OF 525.00 FEET, A CENTRAL ANGLE OF 11°16'11", AND AN ARC LENGTH OF 103.26 FEET;
11. S 27°34'10" W A DISTANCE OF 463.97 FEET TO THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 9;

THENCE S 88°55'46" W ALONG SAID SOUTH LINE A DISTANCE OF 2375.33 FEET TO THE POINT OF BEGINNING;
CONTAINING 6,210.434 SF OR 142.572 ACRES.

(Exemplar – Not for Execution)

EXHIBIT 2
PUBLIC IMPROVEMENTS CONVEYANCE AND INITIAL ACCEPTANCE

TRANSFEROR:

TRANSFeree: Town of Castle Rock, a municipal corporation ("Town")
100 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 the Castlewood Ranch Filing No 2. Town will assume the obligation for maintenance and operation of the Improvements, excepting drainage improvements which will remain the obligation of Transferor, 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 with 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)

Grading and Erosion	_____
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:

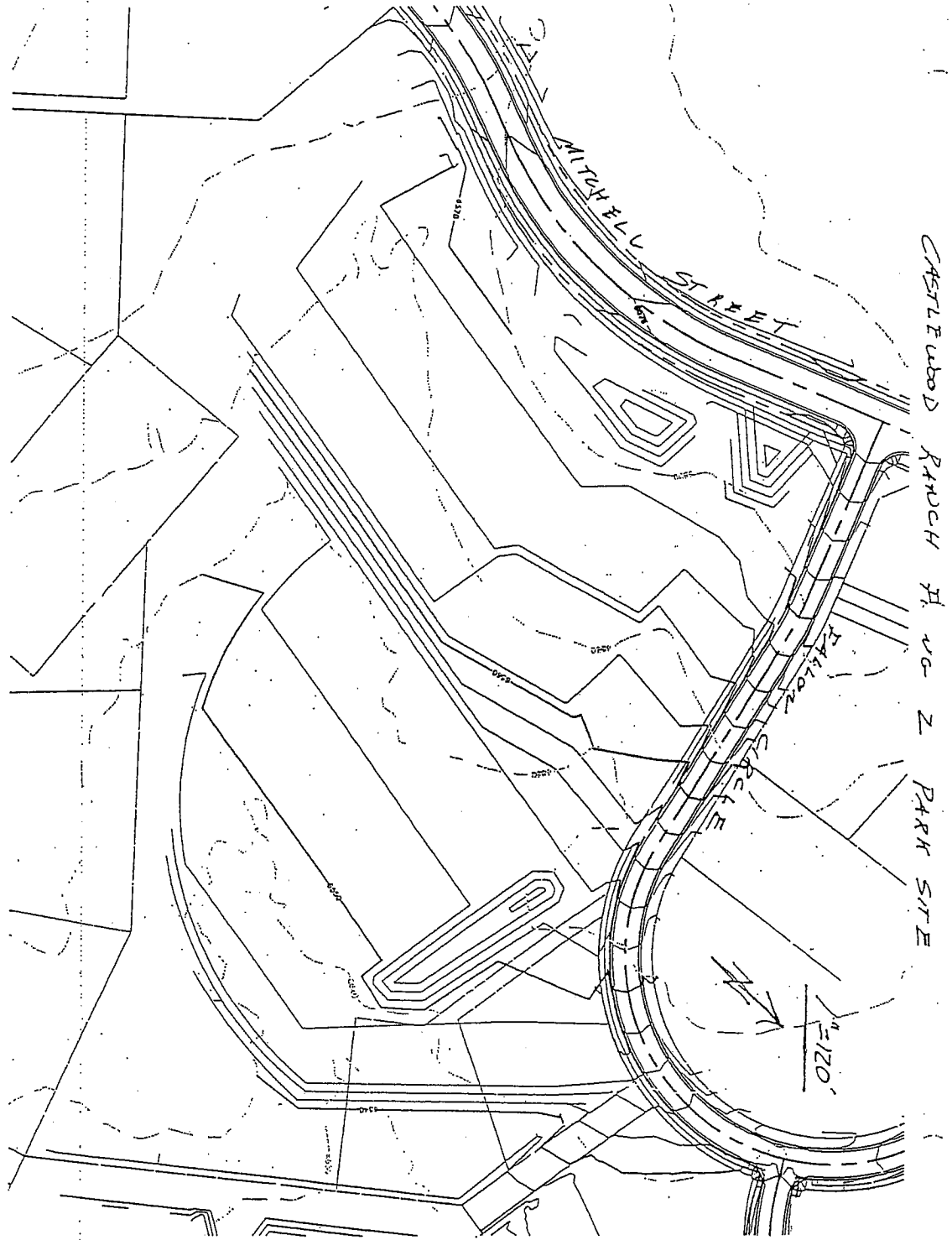
By: _____

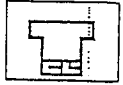
Its: _____

ACCORDINGLY, Town accepts for ownership and maintenance of the Improvements effective _____, 200__, (excluding drainage facilities).

TOWN OF CASTLE ROCK

Engineering Division





November 11, 2002

Castlewood Ranch, LLC
8480 E. Orchard Road, Suite 5550
Englewood, Colorado 80111

RECEIVED NOV 14 2002

Attention: Mr. Joe Stiffer

Subject: Geotechnical Consultation
Guideline Rockfill Specifications
Castlewood Ranch, Filing 2 Park Site
Castle Rock, Colorado
Job No. 35,453

We understand The Town of Castle Rock is requesting Castlewood Ranch, LLC to fill a park site. Castlewood Ranch is anticipating use of excess rock stockpiled from excavations in the Castle Rock Conglomerate bedrock at the site. Our observations of the material indicate a range of particle sizes to about 2 feet. The plan furnished to us indicates the park site will be stripped of soil materials to an average depth of 2 to 4 feet and then filled with the waste rock. Several trenches may also be cut and filled with rock. We assume the finish grade will include about 2 feet of soil cover over the rock fill to facilitate construction of irrigation systems and other appurtenances.

The existing topography consists of an ephemeral drainage swale and broad ridge. Streets and lots will border three sides of the park, with open space downstream along the drainage. Some areas of the park will contain structures although most of the park will be non-structural with uses such as ballfields.

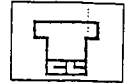
Considering future development as a park with associated irrigation, we expect some consolidation of the fill will occur. The amount of settlement is difficult to predict. However, if the recommendations in this letter are followed, we believe potential settlement should be within the range normally expected for controlled soil fills, in the range of 1 to 2 percent of fill height.

Our recommendations for controlling the rock fill follow:

- A method specification will be worked out with the contractor for each material type and expected use. For bidding purposes, we expect at least 8-12 passes will be required for fill areas. Qualitative observations of test pits in test fill areas are expected to be the chief method of evaluating the number of passes required to obtain a medium dense or dense fill with limited voids. We recommend full time inspection by the geotechnical

CTL/THOMPSON, INC.
CONSULTING ENGINEERS

1971 WEST 12TH AVENUE ■ DENVER, COLORADO 80204 ■ (303) 825-0777



engineer's representative for all fills. In consideration of this, it would be prudent to place as much fill as possible in a continuous operation.

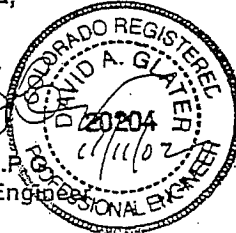
- Nesting of large particles that creates voids is to be avoided. Placing rock fill with a wide range of sizes can reduce risk of nesting. Test pits will be made at random locations under the supervision of the geotechnical engineer to explore the quality of the fill. Areas found to contain substantial voids, in the opinion of the geotechnical engineer, will be reworked and re-tested until a desirable result is obtained.
- Lift thickness is to be approximately equivalent to the maximum particle size being placed, up to a maximum of two feet. Particles over two feet in maximum dimension will be removed from the fill or broken down to meet this requirement.
- Compaction equipment shall have a minimum static weight of 25 tons. Vibratory action is preferred. Bulldozers or non-vibratory sheepsfoot compactors, if used in compaction, will be operated at high relative speeds in order to impart maximum vibration into the fill.
- Water will be added to the fill prior to compaction. We estimate a minimum of 10 percent by weight (or more) may be necessary.

Please call if there are any questions about this letter.

Respectfully Submitted,

CTL/THOMPSON, INC.

David A. Glater
 David A. Glater, P.E., C.P.G.
 Associate Geological Engineer



Reviewed by:

Marc E. Cleveland
 Marc E. Cleveland, P.E.
 Vice President

DAG/dag/ha/lr
(3 copies sent)