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**FOUNDERS VILLAGE FILING NO. 24
SUBDIVISION IMPROVEMENTS AGREEMENT**

DATE: July 26, 2006.

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

CASTLE ROCK 25 PARTNERS, LLC a Florida limited liability company, c/o US Euro Partners, LLC, 5950 Hazeltine National Drive, Suite 515, Orlando, Florida 32822 (Subdivider).

MORTGAGEE: **Flag Bank**, a Georgia banking corporation

RECITALS:

A. Subdivider desires to plat and subdivide certain property as Founders Village Filing No. 24 (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 its portion of the public improvements to Town standards. Except for the Douglas County School District Re. 1, which is expressly made a third-party beneficiary under sections 20(e) and 21(c) for any default by Subdivider under the Tri-Party Agreement, 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.

D. Mortgagee is a party to this Agreement solely for the purpose of subordinating its lien and interest in the Property to the terms and conditions of 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 Founders Village Filing No. 24 Subdivision Improvements Agreement.

Code: the Castle Rock Municipal Code, as amended.

Development Agreement: the Villages at Castle Rock Annexation Contract dated August 4, 1981, recorded August 11, 1981 beginning in Book 419 at Page 88 of the Records.

Development Impact Fees: the fees currently imposed under Chapter 3.16 of the Code.

District: the Douglas County School District RE-1.

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

Final Site Plan: the final PD site plan for the Subdivision as approved by the Town on July 13, 2004.

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, but excluding the School Improvements.

Mitchell Street Improvements: those School Improvements that are also necessary for development of the remainder of the Property and which are defined in the Tri-Party Agreement.

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 Phase 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 Founders Village Filing No. 24 final subdivision plat as approved by the Town.

Preliminary Plat: the Founders Village Filing No. 24 preliminary subdivision plat approved by the Town on July 13, 2004.

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

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

School Improvements: those Improvements necessary to serve the middle school to be constructed by the District on Tract T of the Subdivision pursuant to the Tri-Party Agreement.

Subdivision: the Founders Village Filing No. 24 subdivision.

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

Tri-Party Agreement: the agreement dated July 26, 2006 between the Town, Subdivider and the District concerning the construction and financing of the School Improvements.

VRCMD: the Vistas at Rock Canyon Metropolitan District.

Certain other terms are defined elsewhere in this Agreement. To the extent the VRCMD undertakes construction of Improvements, the references in this Agreement to Subdivider shall apply to VRCMD. Subdivider and VRCMD shall determine which Improvements each shall construct, provided that VRCMD 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 approval of the Plans shall be valid for three years from the date of recordation of this Agreement; provided however, the Plans must be modified to reflect any state or federal mandates such as pedestrian handicap ramp changes, that become effective during the three year period. The Improvements may be constructed by Phase, in accordance with the applicable Phasing Plan, if any. If so approved by the Director, such approval not to be unreasonably withheld, a sub-Phasing plan may be implemented such that Phase Improvements are developed only as necessary to service specific sub-Phases. Each Phase must have a looped water system and be independently sustainable for both water and sanitary sewer service.

In the event Subdivider has not obtained all necessary Town permits and approvals and commenced construction of at least one of the Phases (excluding the School Improvements) within three years 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 Subdivision. For the 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 by either the date specified in the Town Regulations, or if no such date is prescribed, one year after the date of issuance of the first public works permit for such Phase Improvements (Completion Date), 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. As a condition to such extension, the term of the required Security shall be extended so as to conform with the requirements of Section 5.

The requirements for completion of Landscaping are contained in section 6.

As provided in the Tri-Party Agreement, the School Improvements are to be constructed by the District, and that agreement addresses the responsibilities of the District and Town for the construction, surety and warranty of the School Improvements. Accordingly, the provisions in this Agreement addressing the construction, surety and warranty of Improvements shall not apply to the School Improvements and Subdivider assumes no obligation related to construction of the School Improvements, other than the obligation to repay District and Town for the cost of construction of the Mitchell Street Improvements in accordance with the Tri-Party Agreement.

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 in the amount of 115% of the estimated construction cost of the Phase Improvements (Security). The form of the Security is subject to approval by the Director. The Security shall be irrevocable for a period or term extending 60 days beyond the Completion Date. Security which has a term expiring on or before 60 days after the Completion Date shall contain a provision that unless renewed or substitute Security is provided 30 days prior to its expiration date, it may be called by the Town. 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 (or as applicable, Districts') 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 permitted equivalent Security from a homebuilder for all or a portion of 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 or Districts 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 or Districts, to such party.

With Town's initial acceptance of the Phase Improvements, the Security shall be reduced to 15% of the actual construction cost of the Phase Improvements in accordance with Town Regulations. 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 6.

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. Concurrently with recordation of this Agreement, Subdivider has conveyed to Town by special warranty deed free and clear of all liens and encumbrances, all of Subdivider's interest in the rights to the Denver Basin ground water aquifers underlying the Property (Water Rights). Third parties own a portion of the rights to the ground water underlying the Property. Post-conveyance, Owner shall execute such further reasonable and additional instruments of conveyance and other documents that Town reasonably determines necessary to grant to the Town the exclusive ownership and control of the Water Rights. Should it subsequently be determined that marketable title to any portion of the Water Rights did not vest in Town with the conveyance, the Water Credit established in this section 7 shall be reduced accordingly.

With conveyance of the Water Rights, a credit of 88 SFE shall be established against the Town's water dedication requirements for the benefit of the Property (Water Credit). The Water Credit of 88 SFE shall not be affected by changes in the conversion rate of Water Rights into SFE that the Town may implement through modifications to the Town Regulations after the date of this Agreement, including any future changes in the current non-renewable dedication requirement under the Town Regulations.

The Water Credit is expressed as a single-family equivalent. An SFE is the measure of average annual wholesale water production that must be developed to meet the imputed demand from a single-family residence under the Town Regulations. Consequently, 1 SFE of Water Credit represents that the holder has satisfied the Town's water dedication requirement for one single-family residence.

In order to properly account for the Water Credit, Town shall administratively maintain an account designated the Founders Village Filing No. 24 Water Bank (Water Bank). The Water Bank shall periodically be debited or credited in accordance with this section 7. The Water Bank shall be formatted as follows:

| Founders Village Filing No. 24 Water Bank | | | | | |
|--|----------------------|-----------------------|-------------------|-------------------|------------|
| Entry | Date Recorded | Recording Info | SFE Demand | SFE Supply | Net |
| Deed to Water Rights | | | | 88 | |
| Final Plat | | | 308 | | -XX |

The Water Credit shall be reduced by the total SFE assigned to all approved development (private and public) on the Property, including irrigation, except for the School Improvements. The reduction (debit) to the Water Bank shown above in the amount of 308 SFE is an estimate of the total public and private demand based on approved land uses for the Property excluding the School Improvements and excluding irrigation, which has not been ascertained as of the date of this Agreement.

Once the Water Credit of 88 SFE has been exhausted from the Water Bank, Subdivider (or if applicable, Builder, as provided for in section 29) shall pay to Town the then current rate for cash-in-lieu of water rights for each SFE required for a building or irrigation permit. Such payment shall be made at the time application is made and fees are collected by Town for such building or irrigation permit.

With any entry made by the Town in the Water Bank, Subdivider shall receive notification in writing, and any objection not resolved to the satisfaction of the Subdivider at the administrative level shall be referred to a mutually acceptable independent water engineer whose determination made in accordance with this Agreement shall be final and binding.

The Water Credit may not be assigned or transferred for use on properties other than the Property, until full development of the Property, at which time, any unused portion of the Water Credit may be transferred by Subdivider for use on other properties within the Town, but not outside the Town limits. In the event the Water Bank is exhausted prior to full development of the Property (i.e. prior to all potable and irrigation connections), Subdivider shall be required to provide additional water resources or pay to Town cash-in-lieu of water rights in accordance with the Town Regulations then in effect. Absent provision of such additional water resources, Town shall not be obligated to issue further development permits for the Property.

Section 8. Offsite Easements. A portion of the sanitary sewer system will be constructed off-site of the Property. Subdivider shall be permitted to construct sanitary sewer lines through Town property at the location and subject to the terms of the approved Plans and the applicable public works permit issued by the Town. Town shall not impose any charge or fee for the right to use Town property in this manner other than the applicable public works fees.

Section 9. Sanitary Sewer Force Main. As part of the Improvements, Subdivider will construct a partial sanitary sewer force main to serve adjacent properties. The construction of this Improvement does not obligate the Town to permit the service of such adjacent property with a sanitary lift station. This determination will be made by Town when the adjacent property is permitted for development, applying Town Regulations then in effect.

Section 10. Traffic Signal Participation. Upon application for the first public works permit for the first Phase of Improvements, Subdivider shall pay to Town \$60,000 as its pro rata share of the Mikelson Boulevard/Enderud Boulevard and Ridge Road/Enderud Boulevard traffic signals. Both signals will be designed and constructed by Town when traffic warrants are met. Payment for the traffic signals does not entitle Subdivider to any credits or offset of Development Impact Fees imposed under the Town Regulations.

Section 11. Public Land Dedication. Concurrently with and as a condition to recordation of this Agreement, Tracts S and T (Dedication Tracts) shall be conveyed to the Town by special warranty deed free and clear of any liens, encumbrances or assessments that would impair the use of the property by the Town for intended purpose as reasonably determined by Town. Subdivider shall furnish Town with an ALTA form policy of title insurance, issued by a title company licensed to do business in the State of Colorado, and which insures the Town's title in such dedicated tracts in the amount of \$10,000 per acre. Taxes for prior years shall be paid in full and current year taxes shall be prorated and paid to Town with recordation of the deed.

The Dedication tracts shall not be encumbered by any private restrictive covenants.

Section 12. Emergency Vehicle Access. In conjunction with the first Phase of Improvements, Mitchell Street shall be extended to the point of connection with the Emergency Vehicle Access road (EVA) and the EVA will be constructed in its entirety as provided in the Plans. The EVA is both a School Improvement and Mitchell Street Improvement.

Section 13. Mikelson Boulevard Recoupment. The Property benefits from the construction of Mikelson Boulevard that was undertaken in conjunction with development of the adjacent Castlewood Ranch PD. By separate agreement entitled "Agreement Concerning Infrastructure Cost Reimbursement" dated July 9, 2004 as amended by First Amendment dated July 21, 2006 (Reimbursement Agreement), Subdivider is contractually obligated to reimburse the Castlewood Ranch Metropolitan District (Castlewood) for a portion of the cost of construction of Mikelson Boulevard and Town is obligated to assist Castlewood in collection of such reimbursement.

Except for Town construction permits issued for construction of the School Improvements, the Town shall withhold any further permits to Subdivider, or any other person or entity, for construction of any Improvements and/or buildings within the Subdivision until Subdivider has satisfied in full its obligation to Castlewood under the Reimbursement Agreement, which satisfaction shall be evidenced by Castlewood's tender to Town of an acknowledgement and release substantially in the form attached as ***Exhibit 3***.

Section 14. Required Covenant Provisions. This Agreement shall constitute a declaration that in the event of a conflict between the restrictive covenants on the Property and the Town Regulations, the Town Regulations shall govern and control.

Section 15. Water Conservation Regulations. The landscaping of all lots shall conform to the Town's adopted water conservation requirements in effect at the time of the building permit application for such lot.

Section 16. Statutory Impact Fee Compliance. For the purpose of interpreting and applying the provisions of CRS §29-20-104.5(6), the parties concur that the "completed application" which triggers the Town's right to impose and collect Development Impact Fees, as that term is defined in the Development Agreement, is a completed building permit application. Accordingly, the schedule of such Development Impact Fees in effect at the time of such building permit issuance establishes the level of Development Impact Fees.

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 Founders Village Filing No. 24 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) an uncured default of Subdivider under the Tri-Party Agreement;
- (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 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) If there is an uncured default by Subdivider under the Tri-Party Agreement, withhold any public works and/or building or construction permits within the Subdivision until cure is accomplished and/or foreclose any lien against the Property granted to Town and/or District under the Tri-Party Agreement to secure the repayment rights of Town and/or District for the School Improvements.
- (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.

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. 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 25. 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 26. 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: Castle Rock 25 Partners LLC
 5950 Hazeltine National Drive, Suite 515
 Orlando, FL 32822

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

Section 27. 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 28. Immunity. Nothing contained in this Agreement constitutes a waiver of the Town's sovereign immunity under any applicable state law.

Section 29. 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.

Section 30. Third-Party Beneficiary. The District is hereby specifically made a third-party beneficiary as to sections 20(e) and 21(c) of this Agreement.

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TOWN OF CASTLE ROCK

Mark Stevens, Town Manager

Approved as to form:

Robert J. Slentz, Town Attorney

STATE OF COLORADO)
) **ss.**
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, by Mark Stevens as Town Manager the Town of Castle Rock.

Witness my official hand and seal.
My Commission expires: _____.

(S E A L)

Notary Public

TOWN OF CASTLE ROCK

[Handwritten Signature]

Mark Stevens, Town Manager

Approved as to form:

[Handwritten Signature]

Robert J. Slentz, Town Attorney

STATE OF COLORADO)

) ss.

COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this 27TH day of July, 2006, by Mark Stevens as Town Manager the Town of Castle Rock.

Fritz Sprague, Asst. Town Manager for

Witness my official hand and seal.

My Commission expires: 9-21-07.

(SEAL)

J. L. KING
NOTARY PUBLIC
STATE OF COLORADO

[Handwritten Signature]
Notary Public

Exhibit 1

LEGAL DESCRIPTION

BEING A PORTION OF THE EAST ONE-HALF OF SECTION 8, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLEROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE EAST LINE OF THE NORTH ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 8, BEING MONUMENTED AT THE SOUTH 1/16 CORNER OF SECTIONS 8 & 9 BY A 2-1/2" ALUMINUM CAP STAMPED LS 28858 AND AT THE EAST ONE-QUARTER CORNER OF SAID SECTION 8 BY A 2-1/2" ALUMINUM CAP STAMPED LS 28858, ASSUMED TO BEAR S00°44'50"E.

BEGINNING AT THE SOUTH ONE-SIXTEENTH CORNER BETWEEN SECTIONS 8 AND 9, THENCE S89°10'47" W ALONG THE SOUTH LINE OF THE NORTH ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 8 A DISTANCE OF 608.18 FEET TO THE NORTHERLY LINE OF MIKELSON BOULEVARD;

THENCE ALONG THE NORTHERLY LINE OF SAID MIKELSON BOULEVARD THE FOLLOWING FOUR (4) COURSES:

1. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT WHOSE RADIUS POINT BEARS S 38°13'32" W, HAVING A RADIUS OF 757.50 FEET, A CENTRAL ANGLE OF 40°02'45" AND AN ARC LENGTH OF 529.44 FEET;
2. S 89°10'47" W A DISTANCE OF 184.01 FEET;
3. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS N 00°49'13" W, HAVING A RADIUS OF 842.50 FEET, A CENTRAL ANGLE OF 31°21'01" AND AN ARC LENGTH OF 515.70 FEET;
4. N 59°28'12" W A DISTANCE OF 204.88 FEET TO THE EASTERLY LINE OF FOUNDERS VILLAGE FILING NO. 12;

THENCE ALONG SAID EASTERLY LINE THE FOLLOWING FIVE (5) COURSES:

1. N 27°25'11" E A DISTANCE OF 97.52 FEET;
2. N 13°24'30" E A DISTANCE OF 789.28 FEET;
3. N 29°37'03" E A DISTANCE OF 303.94 FEET;
4. N 30°13'11" W A DISTANCE OF 337.19 FEET;
5. N 17°54'31" E A DISTANCE OF 186.89 FEET;

THENCE THE FOLLOWING SIXTY (60) COURSES:

1. N 89°16'58" E A DISTANCE OF 343.53 FEET;
2. N 38°19'29" W A DISTANCE OF 45.82 FEET;
3. N 13°14'34" W A DISTANCE OF 18.22 FEET;
4. N 73°06'20" E A DISTANCE OF 32.08 FEET;
5. N 08°03'28" E A DISTANCE OF 30.16 FEET;
6. N 38°58'11" W A DISTANCE OF 45.88 FEET;
7. S 40°07'12" W A DISTANCE OF 26.21 FEET;
8. N 68°33'23" W A DISTANCE OF 25.74 FEET;
9. N 83°41'50" W A DISTANCE OF 20.11 FEET;
10. S 54°01'39" W A DISTANCE OF 18.84 FEET;
11. N 75°24'27" W A DISTANCE OF 10.92 FEET;
12. N 54°50'50" W A DISTANCE OF 4.67 FEET;
13. N 27°49'39" W A DISTANCE OF 41.50 FEET;
14. N 03°13'29" W A DISTANCE OF 57.53 FEET;
15. N 13°15'36" E A DISTANCE OF 14.39 FEET;
16. N 85°04'01" E A DISTANCE OF 24.26 FEET;
17. N 18°07'51" W A DISTANCE OF 118.48 FEET;
18. N 48°34'36" E A DISTANCE OF 84.34 FEET;
19. N 71°27'52" E A DISTANCE OF 85.97 FEET;

20. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N18°32'08" W, HAVING A RADIUS OF 30.00 FEET, A CENTRAL ANGLE OF 133°29'28" AND AN ARC LENGTH OF 89.90 FEET;

21. N 82°01'35" W A DISTANCE OF 50.81 FEET;

22. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS N 27°58'25" E, HAVING A RADIUS OF 80.00 FEET, A CENTRAL ANGLE OF 117°53'17" AND AN ARC LENGTH OF 164.60 FEET;

23. N 56°51'42" E A DISTANCE OF 17.67 FEET;
24. N 87°05'27" E A DISTANCE OF 39.78 FEET;
25. N 62°06'51" E A DISTANCE OF 70.38 FEET;
26. N 23°36'12" W A DISTANCE OF 15.06 FEET;
27. N 32°45'41" E A DISTANCE OF 18.43 FEET;

28. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N57°11'19" W, HAVING A RADIUS OF 30.00 FEET, A CENTRAL ANGLE OF 59°42'41" AND AN ARC LENGTH OF 31.26 FEET;

29. N 26°34'00" W A DISTANCE OF 10.88 FEET;

30. N 4°21'37" W A DISTANCE OF 26.31 FEET;

31. S 71°24'35" E A DISTANCE OF 5.83 FEET;

32. N 63°57'11" E A DISTANCE OF 5.92 FEET;

33. N 48°17'46" E A DISTANCE OF 56.34 FEET;

34. N 79°17'43" E A DISTANCE OF 53.58 FEET;

35. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N10°42'17" W, HAVING A RADIUS OF 30.00 FEET, A CENTRAL ANGLE OF 123°07'24" AND AN ARC LENGTH OF 64.47 FEET;

36. N 43°49'41" W A DISTANCE OF 47.97 FEET;

37. N 14°31'37" W A DISTANCE OF 35.94 FEET;

38. S 88°34'53" W A DISTANCE OF 16.11 FEET;

39. N 23°46'41" W A DISTANCE OF 42.35 FEET;

40. N 66°10'04" W A DISTANCE OF 34.80 FEET;

41. N 54°21'48" E A DISTANCE OF 37.64 FEET;

42. N 68°11'10" E A DISTANCE OF 34.45 FEET;

43. N 36°36'46" E A DISTANCE OF 27.20 FEET;

44. N 23°28'27" E A DISTANCE OF 10.18 FEET;

45. N 88°43'53" E A DISTANCE OF 14.91 FEET;

46. N 21°28'38" W A DISTANCE OF 38.46 FEET;

47. N 48°23'41" W A DISTANCE OF 18.61 FEET;

48. N 89°49'42" W A DISTANCE OF 29.59 FEET;

49. S 64°43'58" W A DISTANCE OF 19.66 FEET;

50. S 05°50'50" W A DISTANCE OF 10.27 FEET;

51. N 83°13'12" W A DISTANCE OF 18.13 FEET;

52. N 63°28'49" W A DISTANCE OF 5.84 FEET;

53. N 41°12'11" W A DISTANCE OF 34.64 FEET;

54. S 71°08'28" W A DISTANCE OF 13.33 FEET;

55. N 78°21'17" W A DISTANCE OF 14.57 FEET;

56. N 00°31'36" W A DISTANCE OF 126.75 FEET;

57. EAST A DISTANCE OF 1007.74 FEET;

58. S 00°09'45" W A DISTANCE OF 442.62 FEET;

59. S 82°59'25" E A DISTANCE OF 180.71 FEET;

60. S 78°04'28" E A DISTANCE OF 139.86 FEET TO THE EASTERLY LINE OF SAID SECTION 8;

THENCE S 00°43'02" E ALONG SAID EAST LINE A DISTANCE OF 1341.01 FEET TO THE EAST ONE-QUARTER CORNER OF SAID SECTION 8;

THENCE S 00°44'50" E ALONG SAID EAST LINE A DISTANCE OF 1340.86 FEET TO THE POINT OF BEGINNING; CONTAINING AN AREA OF 4,721,667 SQUARE FEET OR 108.395 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** (Improvements), as required by Town to serve the Founders Village Filing No 24. 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:

| | |
|----------------------|-------|
| Grading and Erosion | _____ |
| Water | _____ |
| Wastewater | _____ |
| Stormwater | _____ |
| Streets | _____ |
| Parks and Recreation | _____ |
| TOTAL | _____ |

- 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

Exhibit 3

ACKNOWLEDGEMENT

In accordance with that certain Agreement Concerning Infrastructure Cost Reimbursement among the Town of Castle Rock ("Town"), Castle Rock 25 Partners, LLC ("Castle Rock 25"), Castlewood Ranch Metropolitan District ("District"), and the Castlewood Ranch Master Association dated July 9, 2004, as amended by a First Amendment dated July 21, 2006 (the "Reimbursement Agreement"), and in accordance with Section 13 of that certain Founders Village Filing No. 24 Subdivision Improvements Agreement between the Town and Castle Rock 25 dated July 21, 2006 (the "SIA"), the District hereby acknowledges that it has received payment in the amount of \$526,307.50 from Castle Rock 25 in full satisfaction of Castle Rock 25's obligation to reimburse the District for the Recoupment Amount, as defined in the Reimbursement Agreement. The District hereby releases Castle Rock 25 and the Town from any further obligations with respect to payment and/or collection of the Recoupment Amount.

Any obligation of Castle Rock 25 in the Reimbursement Agreement not specifically related to the payment of the Recoupment Amount shall remain outstanding.

CASTLEWOOD RANCH METROPOLITAN DISTRICT

By: _____
Its: _____

Attest:

Secretary