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**MEADOWS FILING NO. 12
SUBDIVISION IMPROVEMENTS AGREEMENT**

DATE: April 15, 2003.

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

CASTLE ROCK DEVELOPMENT COMPANY, a Colorado corporation, 3033 E. First Avenue, Suite 410, Denver, Colorado 80206 (Subdivider).

CAPITAL PACIFIC HOLDINGS, LLC, a Delaware limited liability company, 1333 West 120th Avenue, Suite 203, Westminster, Colorado 80234 (Capital Pacific).

MORTGAGEE: **Castle Rock Land Co., LLC**, a Colorado limited liability company, 3003 E. First Avenue, Suite 410, Denver, Colorado 80206 (Mortgagee)

RECITALS:

A. Subdivider desires to plat and subdivide certain property as Meadows Filing No. 12 (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.

D. On January 2, 2003 Capital Pacific acquired a portion of the Subdivision and by its signature below, hereby consents to the terms and provisions of this Agreement as to such portion. Following execution of this Agreement, Capital Pacific will be designated as a "Builder" with respect to such portion of the Subdivision, in accordance with the provisions of Section 6.

E. Mortgagee is a party to this Agreement solely for the purpose of subordinating its lien and interest in the Property 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 Meadows Filing No. 12 Subdivision Improvements Agreement.

Annexation Agreements: the original Annexation and Development Contracts, together with the amendments thereto, more particularly described as follows:

- (a) Annexation and Development Contract dated December 6, 1984, recorded in the Records beginning in Book 553 at Page 593, Reception No. 342954;
- (b) Addendum to Annexation and Development Contract dated September 12, 1985, recorded in the Records beginning in Book 322 at Page 605
- (c) Annexation and Development Contract (South Meadows) dated September 26, 1985 and recorded in the Records at Book 600 at Page 344, Reception No. 364371;
- (d) Second Addendum to Annexation and Development Contract dated November 13, 1986 and recorded in the Records at Book 698 at Page 219, Reception No. 8703285;
- (e) Annexation and Development Contract (Meadows Parkway Annexation) dated November 20, 1986 and recorded in the Records at Book 698 at Page 299, Reception No. 9703293;

- (f) Agreement (Amendment to Annexation and Development Contracts) dated April 25, 1991 and recorded in the Records at Book 972 at Page 910, Reception No. 9116420;
- (g) Omnibus Amendment to Annexation Contracts (Meadows) dated October 1, 1993 and recorded in the Records at Book 1151 at Page 1132, Reception No. 9346158;

Code: the Castle Rock Municipal Code, as amended.

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

Districts: the Meadows Metropolitan District Nos. 1-7.

Final Site Plan: the final PD site plan for the Subdivision as approved by the Town Council on April 8, 2002 by Resolution No. 2002-47.

Improvements: the water, wastewater, stormwater drainage, transportation, park and recreation and 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.

Meadows: the real property subject to, and more particularly described in the Annexation Agreements.

Phase: a contiguous geographical area of the Subdivision so designated in the Plans. As used herein, the term Phase may also refer to a portion or component of a Phase (a sub-phase) as may be designated on the Plans.

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 Meadows Filing No. 12 preliminary subdivision plat approved by the Town Council on April 8, 2002 by Resolution No. 2002-47.

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 Meadows Filing No.12 subdivision.

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

Water Rights: the rights to the Denver Basin groundwater described in the attached *Exhibit 2*.

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

Section 2. Construction of Improvements. The Improvements shall be constructed in strict accordance with the Plans, or to the extent not otherwise provided in the Plans, in accordance with applicable Town 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 unreasonably 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 first 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.

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

Section 4. Acceptance of Improvements. Upon substantial completion of the Phase Improvements, Subdivider may request inspection. Town shall make inspection within 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 3**. With conveyance of the Phase Improvements, the applicable warranty period commences.

The acceptance process for Landscaping is addressed in Section 7.

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 Builder for all or a portion 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.

With Town's initial acceptance of any Phase Improvements, the Security shall be reduced to 15% of the engineer's opinion of cost of the Phase Improvements in accordance with Town Regulations. The warranty portion of the Security shall be released in accordance with Town Regulations.

The acceptance process for Landscaping is addressed in Section 7.

Section 6. Responsibility for Improvement Construction. Subdivider shall be obligated to perform the covenants of Subdivider under this Agreement, until and unless the obligations with respect to a designated Phase are assigned to and assumed by a third party (Builder) as follows:

- (a) the Builder acquires title to the Phase from Subdivider;
- (b) the Builder executes the Partial Assumption of Subdivision Improvements Agreement in the form attached as **Exhibit 4**; and
- (c) the Builder furnishes Town with the Security and rights of entry to assure construction of the Phase Improvements as required by this Agreement.

Upon compliance with the above conditions, Builder shall be solely responsible for completion of the Phase Improvements. However, in the event the applicable Phase Improvements service other Phases and Builder defaults in its obligation to complete the Phase Improvements, Town shall have the right to withhold development approvals (as further authorized in Section 3 which may affect other portions of the Subdivision owned by Subdivider. Similarly, if there is a default by Subdivider (or other Builders) in completion of Phase Improvements required to serve Builder's Phase, the restrictions on

development approvals under Section 3 shall be applicable, even though Builder is not in default of this Agreement.

Subdivider and Builder shall have the right, but not the obligation to cure a default by the other. When the provisions of this section are operative, references in this Agreement to Subdivider shall mean Builder, unless the context clearly indicates the contrary.

Section 7. Landscaping. Subdivider (or Builder, as applicable) 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 8. Design Standards. The Final Site Plan for the Subdivision contains certain building and design restrictions and requirements, affecting design elements such as setbacks and building elevations (Design Guidelines). Town shall have the right, but not the obligation, to enforce the Design Guidelines through the withholding of building permits or certificates of occupancy for any structure which is not in compliance with the applicable Design Guidelines.

Section 9. Water Rights Conveyance. Chapter 4.04 of the Code requires the conveyance to Town of water rights sufficient to offset the anticipated water demand created by development of the Subdivision. Town shall have no obligation to issue building permits unless Subdivider is in compliance with the provisions of this Agreement. Concurrently with recordation of this Agreement, Subdivider will transfer or convey marketable title to the Water Rights to Town, by special warranty deed, free and clear of all liens and encumbrances.

The conveyance of the Water Rights shall transfer to Town the right to use and reuse the water withdrawn to extinction, subject to the applicable decrees and law. Subdivider shall execute such instruments of conveyance and other documents which Town reasonably determines necessary to grant to the Town marketable title to the Water Rights. Should it subsequently be reasonably determined that marketable title to any of the Water Rights was not vested in Town by the special warranty deed, the Water Credit shall be reduced accordingly, until such time as Subdivider cures such title defect.

Subdivider acknowledges that the Town will incorporate the Water Rights into its municipal water rights portfolio, and that the Town is not restricted by this Agreement from

distributing the potable water produced from the Water Rights to any area of the Town, provided that the municipal water supply available to serve the Subdivision is not jeopardized by such diversion.

Section 10. Water Credit and Bank. With conveyance of the Water Rights, a credit shall be established against the Town's water dedication requirements for the benefit of the Subdivision (Water Credit). The amount of the Water Credit expressed in SFE is determined as follows:

Water Source	Acreage	Decreed Annual Withdrawal (AF)	Conversion to SFE (.76 AF/SFE) ¹
Lower Dawson		58.0	76
Denver		111.7	147
Arapahoe		81.2	107
Laramie Fox-Hills	--	<u>37.7</u>	<u>0²</u>
TOTAL	145.00	250.9	330

The Water Credit is expressed as a single-family equivalent (SFE). 1 SFE of Water Credit represents the satisfaction of the Town's water dedication requirement for one single-family residence or the equivalent demand attributable to multi-family, commercial or irrigation uses under the Town Regulations. The Water Credit shall not be affected by subsequent changes in the conversion rate of water rights into SFE that the Town may implement through modifications to the Town Regulations.

In order to properly account for the Water Credit, Town shall administratively maintain the Meadows 12 Water Bank (Water Bank). Initially, the Water Bank shall reflect the following entries:

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¹ Based upon .38 AF/SFE in Development Agreement and the Water Dedication Code requirement of 2 AF of groundwater rights for each AF of demand.

² Credit for Laramie-Fox Hills was given at time of recordation of the Meadows Filing 11 Subdivision Improvements Agreement.

MEADOWS 12
WATER BANK

Entry	Date Recorded	Recording Info.	SFE Demand	SFE Supply	Net
Deed to Water Rights	00/00/00			330	
Water Credit					330

The Water Credit in the Water Bank shall be debited at the time of Plat approval by the total SFE assigned to all approved development (private and public) to the extent the water demand for such use can be determined at Plat approval. For those uses which the water demand cannot be ascertained at Plat the debit shall be made either at the time of Final Site Plan approval or at building permit issuance.

In order to estimate the water demand at the time of Plat approval for irrigation uses, Town may estimate the number and size of irrigation taps and debit the Water Bank accordingly. When all actual taps are made for development within a Plat, the Water Bank shall be adjusted to reflect the total SFE assignments in accordance with Town Regulations. If so authorized under the Town Regulations, irrigation water demand and the corresponding debit to the Water Bank may be based upon estimated water usage rather than actual taps. The demand attributed to development shall be reduced to reflect the substitution of treated effluent for potable water for irrigation by the retroactive adjustment to the Water Bank; provided that Subdivider, at its expense, has constructed the applicable effluent distribution system to the Subdivision and paid any applicable effluent system development fees, if any, which may be imposed by the Town under the Town Regulations.

With any entry made by the Town, 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.

Town shall not require additional water rights or water resources as a condition to issuance of land use approvals within the Subdivision, so long as the aggregate water demand from development within the Subdivision does not exceed the Water Credit. To

the extent that the water demand created by development within the Subdivision exceeds the available Water Credit in the Water Bank, additional SFE must be allocated to the Subdivision and/or Subdivider must provide additional water resources in accordance with Town water policies then in effect, as a condition to permitting additional development in the Subdivision.

Section 11. Ownership and Transfer of Credit. The Water Credit constitutes a personal property interest, held and administered by the Town for the benefit of the Property. The Water Credit shall be applied in accordance with this Agreement on a "first-come, first-served" basis to approved development within the Property on a per unit basis, unless the Subdivider directs the Town in writing to allocate a portion of the Water Credit for use on a specific portion of the Subdivision (Allocated Water Credit). In the event of such allocation, the Allocated Water Credit must be used exclusively for the designated portion of the Subdivision. The Allocated Water Credit may be transferred only after it is determined that the Allocated Water Credit exceeds the demand for the designated portion of the Subdivision, or with the written consent of the owner of the designated portion of the Subdivision, in which event Subdivider may reallocate the surplus for use on portions of the Property.

The Water Credit may not be assigned or transferred for use on properties other than the Property until the total water demand for the Property at full development has been determined the Water Credit has been applied to meet such demand and a surplus in the Water Bank remains. Thereafter, the surplus Water Credit may be transferred by the Subdivider to satisfy the Town's water dedication requirements on other properties within corporate limits of the Town, as follows:

- (a) the Water Credit may only be transferred to property located outside the boundary of the Meadows if the entire water demand for property within the Meadows has been determined and satisfied;
- (b) the yield of such Water Credit to satisfy the water dedication requirements of such property shall be determined by the applicable annexation or development contract and/or Town ordinance in effect at the time of transfer; provided however, the Water Credit may be transferred to any property within the Meadows without dilution or adjustment to the quantity of SFE transferred.
- (c) the transfer shall be evidenced by a duly acknowledged instrument executed by the transferor (and all mortgagees and lienholders, if any) specifying the number of SFE transferred, and the property to which the Water Credit is to be transferred. Such assignment shall be binding upon Town only upon receipt by Town of a recorded copy of an instrument substantially in conformance with these requirements. In the absence of compliance, Town may disregard a purported assignment. Upon written request, Town will confirm in writing whether a proposed transfer will be in substantial compliance and binding upon Town, in accordance with this section.

Section 12. Water Facilities. Subdivider, its predecessors in title to the Property and the Districts have constructed the existing water production, treatment, storage and transmission facilities in the Meadows which are owned and operated by the Town to provide water to the Meadows and other areas of the Town (Water Facilities). Attached as **Exhibit 5** is an accounting for the Water Facilities supply and the demand for such facilities in all approved subdivisions within the Meadows, including the Subdivision. As indicated on the **Exhibit 5** analysis, there is sufficient unused treatment and storage capacity in the Water Facilities to serve the Subdivision through full buildout. Accordingly, the capacities indicated on **Exhibit 5** are applied and dedicated to meet the incremental demand for development of the Subdivision.

Section 13. Wastewater Facilities. Pursuant to intergovernmental agreement between the Town and Districts, and the Meadows Filing 11 Subdivision Improvements Agreement dated December 3, 1999 and recorded on December 3, 1999 beginning in Book 1784 at Page 1877 of the Records (Filing 11-SIA), Subdivider has purchased a total of 2882 SFE wastewater treatment capacity. When all 2882 have been utilized in the Meadows, thereafter Town shall collect and retain 70% of the wastewater component of the system development fees imposed by the Town under 13.12.080 of the Code.

Section 14. Public Land Dedication. Concurrently with and as a condition to recordation of this Agreement, Tracts A and L and Lot 1, Block 11 shall be conveyed 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. 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. With tender of the special warranty deed, Subdivider shall deliver to Town a title insurance commitment proposing to insure the Town's marketable title in these tracts in the total amount of \$10,000/acre and pay the premium for the title insurance policy after conveyance. Subdivider shall have the responsibility for the maintenance of Tract A, including any water, irrigation system, features, plantings, etc. within Tract A. Such maintenance shall be at the sole expense of Subdivider, and to the standard of maintenance established by Town for similar facilities. Subdivider's maintenance obligation includes the procurement of water service from the Town and payment of the applicable water service charges under Town Regulations. Subdivider may delegate their maintenance obligation to The Meadows Neighborhood Company (Community Association). This section shall not relieve Subdivider or Community Association from complying with water conservation restrictions in the Town Regulations.

Section 15. Traffic Signal Participation. Concurrently with and as a condition to recordation of this Agreement, Subdivider shall pay to Town \$75,000 as its pro rata share of the Meadows Boulevard/Morningview Drive traffic signal.

Section 16. Construction Damage. Subdivider shall be responsible for any extraordinary damage to any roadways or public improvements internal to the Subdivision, resulting from the gross negligence of contractors working on the Improvements. Subdivider may assign responsibility and liability for such construction damage to a Builder. Town consents to such assignment, without relieving Subdivider of the obligation to

repair damage, in the event the assignee fails to do so. Subdivider's responsibility under this section applies only to damage inflicted prior to final acceptance of the Improvements.

Section 17. 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 Meadows Filing No. 12 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 18. 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 (and the Builder, if applicable) 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 due 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 19. 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 against the property located within the affected Phase 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.

On such terms and conditions as are reasonably acceptable to Town, Town shall permit Subdivider (or when applicable, Builder) to undertake the Remedial Work in the event of an uncured default. Upon substantial completion and acceptance of the Remedial Work, Subdivider (or when applicable, Builder) shall be reimbursed from the Security for all out-of-pocket costs to complete the Remedial Work. In the event Subdivider (or when applicable, Builder) elects to undertake the Remedial Work, it shall make a request to the Town in writing, and shall have 30 days from receipt of such request to specify such terms and conditions under which Subdivider (or when applicable, Builder) may commence the remedial work and be reimbursed by Security upon substantial completion and acceptance. In no case shall any reimbursement exceed reasonable costs of completing the Remedial Work nor shall the Subdivider (or when applicable, Builder) be entitled to fund exceeding the full amount of the Security.

Section 20. 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 21. 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 22. 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 23. Attorney's Fees. Should either party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, shall recover its 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 24. 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 Development Company
 303 E. 1st Avenue, Suite 410
 Denver, CO 80209
 Facsimile: (303) 394-5508

if to Town: Town of Castle Rock
 Attn: Town Attorney
 100 Wilcox Street
 Castle Rock, CO 80104
 Facsimile: (303) 660-1028

Section 25. 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. Provided further however, this Agreement shall be of no effect or application and shall no longer constitute an

encumbrance upon a platted lot, at such time as a certificate of occupancy for improvements on such lot is issued by the Town.

Section 26. Immunity. Nothing contained in this Agreement constitutes a waiver of the Town's sovereign immunity under any applicable state law.

Section 27. Assignment. Subdivider's obligations under this Agreement may be assigned to a subsequent purchaser of all or a portion of the Subdivision, 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.

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CAPITAL PACIFIC HOLDINGS, LLC

a Delaware limited liability company.

By: Capital Pacific Holdings, Inc., a
Delaware corporation, Managing Member

By: Capital Pacific Homes of Colorado, Inc.,
a Delaware corporation, Authorized Agent

By: *Daniel J. Nickless*
Daniel J. Nickless, President

STATE OF Colorado)

) ss.

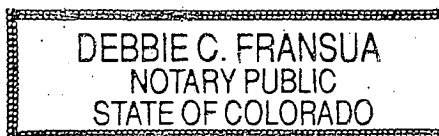
COUNTY OF Arapaho)

The foregoing instrument was acknowledged before me this 16 day of April, 2003, by Daniel J. Nickless as President of Capital Pacific Homes of Colorado, Inc., a Delaware corporation, as authorized agent for Capital Pacific Holdings, Inc., a Delaware corporation, as managing member of Capital Pacific Holdings, LLC, a Delaware limited liability company.

Witness my official hand and seal.

My Commission expires: 7-23-06

Debbie C. Fransua
Notary Public



MORTGAGEE JOINDER

By execution of this Agreement, Mortgagee subordinates its lien and interest in the Property created by Deed of Trust recorded January 3, 2003 at Reception No. 2003001594, to the real covenants and restrictions of this Agreement. Mortgagee shall have no affirmative obligation hereunder, nor shall Town have the right to seek performance of this Agreement from Mortgagee except in the event Mortgagee acquires legal title to the Property, in which event Mortgagee shall be bound by the terms, conditions and restrictions of this Agreement.

MORTGAGEE:

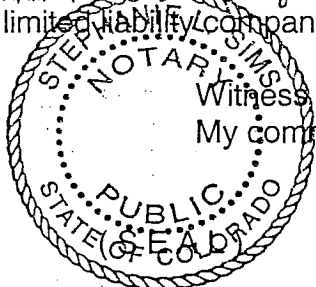
CASTLE ROCK LAND CO., LLC

By: John Fox

Its: Authorized Agent

STATE OF COLORADO)
) ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 16th day of April, 2003, by John Fox as Authorized Agent for Castle Rock Land Co., LLC, a Colorado limited liability company.



Witness my official hand and seal.

My commission expires: 11-1-03.

Stephen J. Smith
Notary Public

My Commission Expires Nov. 1, 2003

LEGAL DESCRIPTION – Meadows Filing No. 12

A PARCEL OF LAND LOCATED IN THE SOUTH HALF OF SECTION 32, TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, AND THE NORTH HALF OF SECTION 5, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 5; THENCE NORTH 45°20'06" WEST, 1972.57 FEET TO THE SOUTHEAST CORNER OF THE MEADOWS FILING NO. 6, A PLAT RECORDED AT RECEPTION NUMBER 8814214 OF THE DOUGLAS COUNTY RECORDS, SAID POINT LYING ON THE WESTERLY RIGHT-OF-WAY OF FOOTHILLS DRIVE, AS RECORDED AT RECEPTION NUMBER 8727782 OF THE DOUGLAS COUNTY RECORDS, SAID POINT BEING THE TRUE POINT OF BEGINNING;

THENCE ALONG THE WESTERLY RIGHT-OF-WAY OF SAID FOOTHILLS DRIVE SOUTH 23°30'11" EAST, 53.02 FEET TO THE NORTHEAST CORNER OF THE MEADOWS FILING NO. 11 - PARCEL 12; THENCE ALONG THE BOUNDARY OF SAID PARCEL 12 THE FOLLOWING SIX (6) COURSES:

- 1) SOUTH 66°29'49" WEST, 144.60 FEET;
- 2) THENCE SOUTH 51°23'47" WEST, 337.10 FEET;
- 3) THENCE SOUTH 38°36'13" EAST, 200.00 FEET;
- 4) THENCE NORTH 51°23'47" EAST, 197.06 FEET;
- 5) THENCE NORTH 52°51'42" EAST, 178.96 FEET;
- 6) THENCE NORTH 61°11'58" EAST, 54.01 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY OF SAID FOOTHILLS DRIVE;

THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING THREE (3) COURSES:

- 1) SOUTH 23°30'11" EAST, 1758.72 FEET TO A POINT OF CURVE;
- 2) THENCE 32.20 FEET ALONG THE ARC OF A CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 92°14'18", HAVING A RADIUS OF 20.00 FEET AND A CHORD BEARING SOUTH 22°36'58" WEST, 28.83 FEET TO A POINT OF TANGENT;
- 3) THENCE SOUTH 68°44'14" WEST, 0.10 FEET;

THENCE SOUTH 21°15'53" EAST, 70.00 FEET; THENCE SOUTH 68°44'30" WEST, 123.42 FEET TO A POINT OF CURVE; THENCE 295.68 FEET ALONG THE ARC OF A CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 14°32'31", HAVING A RADIUS OF 1165.00 FEET AND A CHORD BEARING SOUTH 61°28'15" WEST, 294.89 FEET TO A POINT OF TANGENT; THENCE SOUTH 54°11'59" WEST, 740.78 FEET TO A POINT OF CURVE; THENCE 858.87 FEET ALONG THE ARC OF A CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 84°07'08", HAVING A RADIUS OF 585.00 FEET AND A CHORD BEARING NORTH 83°44'27" WEST, 783.78 FEET TO A POINT OF TANGENT; THENCE NORTH 41°40'53" WEST, 586.10 FEET TO A POINT OF CURVE; THENCE 820.34 FEET ALONG THE ARC OF A CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 48°42'25", HAVING A RADIUS OF 965.00 FEET AND A CHORD BEARING NORTH 66°02'06" WEST, 795.86 FEET TO A POINT OF TANGENT; THENCE SOUTH 89°36'42" WEST, 455.76 FEET TO A POINT ON THE EASTERLY BOUNDARY OF A PARCEL DESCRIBED IN BOOK 760 AT PAGE 148; THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL THE FOLLOWING FOUR (4) COURSES:

- 1) NORTH 00°53'42" WEST, 774.70 FEET;
- 2) THENCE NORTH 00°13'02" EAST, 230.70 FEET;
- 3) THENCE NORTH 01°41'49" WEST, 405.32 FEET;
- 4) THENCE NORTH 22°34'47" WEST, 79.10 FEET TO A POINT ON THE WEST LINE OF THE EAST HALF OF THE SW 1/4 OF SAID SECTION 32;

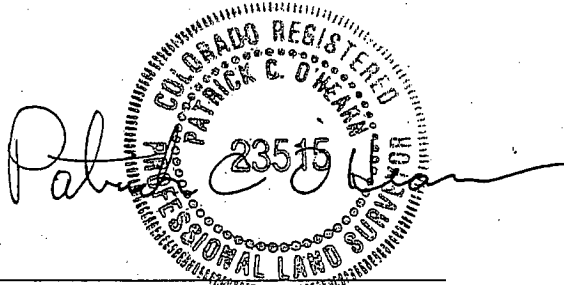
THENCE ALONG SAID WEST LINE, NORTH 00°41'35" WEST, 903.51 FEET TO THE SOUTHWESTERLY CORNER OF SAID MEADOWS FILING NO. 6; THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID MEADOWS FILING NO. 6, THE FOLLOWING TWENTY-THREE (23) COURSES:

- 1) SOUTH 35°24'51" EAST, 105.57 FEET;
- 2) THENCE SOUTH 58°54'51" EAST, 70.00 FEET;
- 3) THENCE SOUTH 20°54'51" EAST, 74.00 FEET;
- 4) THENCE SOUTH 46°24'51" EAST, 203.00 FEET;
- 5) THENCE SOUTH 56°54'51" EAST, 219.00 FEET;
- 6) THENCE SOUTH 31°24'51" EAST, 241.00 FEET;
- 7) THENCE SOUTH 61°24'51" EAST, 129.00 FEET;
- 8) THENCE SOUTH 13°24'51" EAST, 87.00 FEET;
- 9) THENCE SOUTH 40°29'28" EAST, 313.13 FEET;
- 10) THENCE SOUTH 02°18'38" WEST, 190.00 FEET;
- 11) THENCE SOUTH 61°31'02" EAST, 370.00 FEET;
- 12) THENCE SOUTH 50°01'45" EAST, 120.00 FEET;
- 13) THENCE NORTH 38°36'37" EAST, 310.00 FEET;
- 14) THENCE NORTH 50°49'00" WEST, 339.62 FEET;
- 15) THENCE SOUTH 88°44'17" WEST, 226.55 FEET;
- 16) THENCE NORTH 49°22'15" EAST, 459.97 FEET;
- 17) THENCE SOUTH 67°24'51" EAST, 227.07 FEET;
- 18) THENCE SOUTH 76°39'53" EAST, 148.85 FEET;
- 19) THENCE SOUTH 85°51'50" EAST, 134.95 FEET;
- 20) THENCE NORTH 72°48'43" EAST, 134.20 FEET;
- 21) THENCE NORTH 64°07'45" EAST, 129.76 FEET;
- 22) THENCE NORTH 86°07'42" EAST, 317.35 FEET;
- 23) THENCE NORTH 66°29'49" EAST, 140.00 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL OF LAND CONTAINS 139.639 ACRES, MORE OR LESS.

BEARINGS ARE BASED ON THE NORTH LINE OF THE NE 1/4 OF SECTION 5, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN BEARING NORTH 89°40'57" EAST.

I, PATRICK C. O'HEARN, A PROFESSIONAL LAND SURVEYOR, LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.

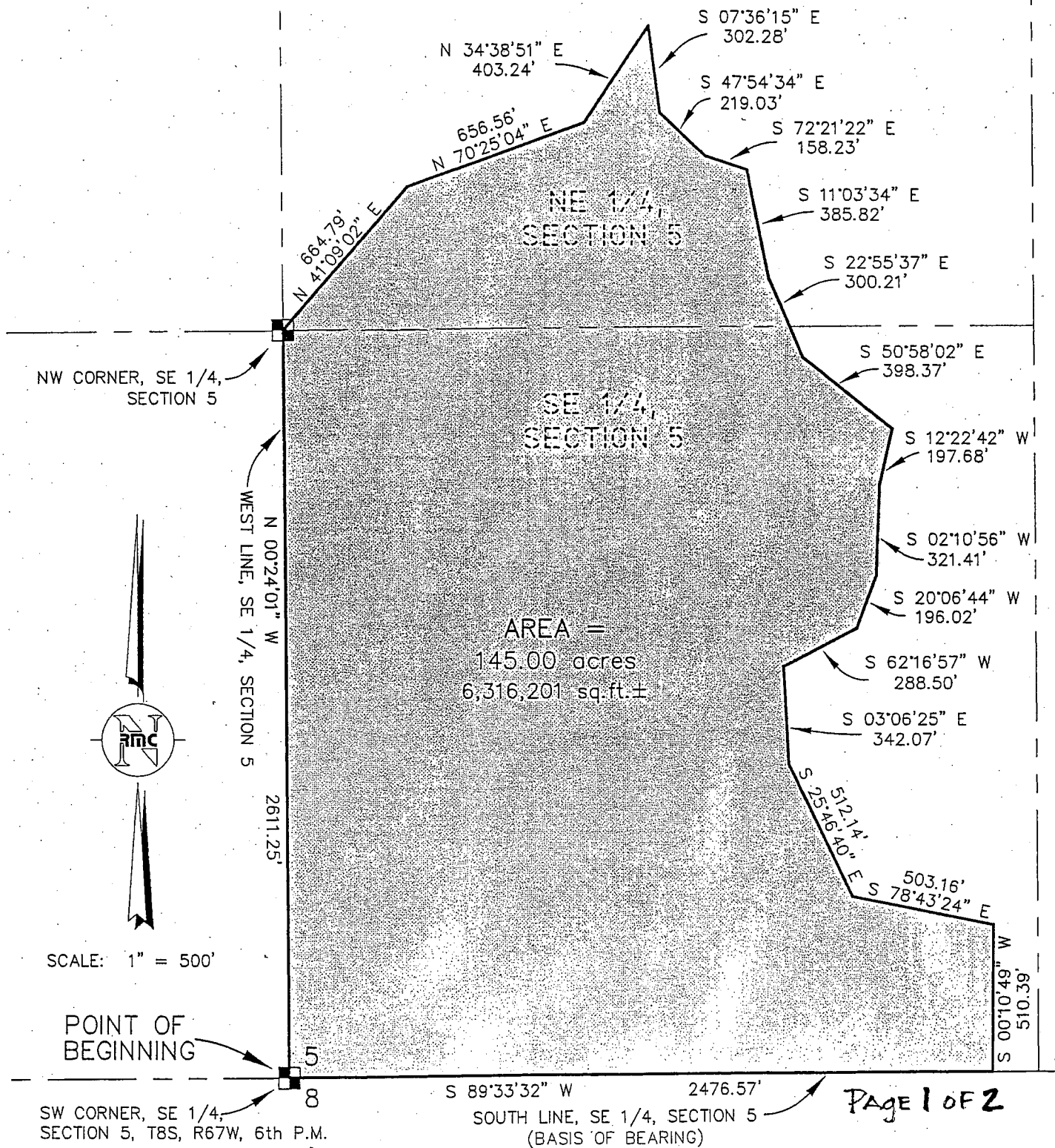
A circular professional seal for Patrick C. O'Hearn, a registered professional land surveyor in Colorado. The seal contains the text "COLORADO REGISTERED PROFESSIONAL LAND SURVEYOR" around the perimeter and "PATRICK C. O'HEARN" in the center. The license number "23515" is written in the center. A handwritten signature of Patrick C. O'Hearn is written over the seal.

PATRICK C. O'HEARN PLS 23515
for and on behalf of

TETRA TECH - RMC, INC.
8301 EAST PRENTICE AVE. #101
GREENWOOD VILLAGE, COLORADO 80111
(303) 741-6000

EXHIBIT 2

WATER RIGHTS ALLOCATION PARCEL



TETRA TECH RMC, Inc.
 8301 E. Prentice Ave., Suite 101, Greenwood Village, CO. 80111
 TEL 303.741.6000 FAX 303.741.6106

THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY. IT IS ONLY INTENDED TO DEPICT THE ATTACHED DESCRIPTION.

A PARCEL OF LAND BEING A PART OF THE EAST HALF OF SECTION 5, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING DESCRIBED AS FOLLOWS:

“BEGINNING” AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 5, AND CONSIDERING THE SOUTH LINE OF SAID SOUTHEAST QUARTER TO BEAR NORTH 89°33’32” EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE NORTH 00°24’01” WEST, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 5, A DISTANCE OF 2611.25 FEET; THENCE NORTH 41°09’02” EAST, A DISTANCE OF 664.79 FEET; THENCE NORTH 70°25’04” EAST, A DISTANCE OF 656.56 FEET; THENCE NORTH 34°38’51” EAST, A DISTANCE OF 403.24 FEET; THENCE SOUTH 07°36’15” EAST, A DISTANCE OF 302.28 FEET; THENCE SOUTH 47°54’34” EAST, A DISTANCE OF 219.03 FEET; THENCE SOUTH 72°21’22” EAST, A DISTANCE OF 158.23 FEET; THENCE SOUTH 11°03’34” EAST, A DISTANCE OF 385.82 FEET; THENCE SOUTH 22°55’37” EAST, A DISTANCE OF 300.21 FEET; THENCE SOUTH 50°58’02” EAST, A DISTANCE OF 398.37 FEET; THENCE SOUTH 12°22’42” WEST, A DISTANCE OF 197.68 FEET; THENCE SOUTH 02°10’56” WEST, A DISTANCE OF 321.41 FEET; THENCE SOUTH 20°06’44” WEST, A DISTANCE OF 196.02 FEET; THENCE SOUTH 62°16’57” WEST, A DISTANCE OF 288.50 FEET; THENCE SOUTH 03°06’25” EAST, A DISTANCE OF 342.07 FEET; THENCE SOUTH 25°46’40” EAST, A DISTANCE OF 512.14 FEET; THENCE SOUTH 78°43’24” EAST, A DISTANCE OF 503.16 FEET; THENCE SOUTH 00°10’49” WEST, A DISTANCE OF 510.39 FEET TO THE SOUTH LINE OF SAID SOUTHEAST QUARTER; THENCE SOUTH 89°33’32” WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 2476.57 FEET TO “POINT OF BEGINNING”. CONTAINING 145.000 ACRES OR 6,316,201 SQUARE FEET, MORE OR LESS.

I, PATRICK C. O’HEARN, A PROFESSIONAL LAND SURVEYOR, LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.



PATRICK C. O’HEARN PLS 23515

FOR AND ON THE BEHALF OF
TETRA TECH - RMC, INC.
8301 E. PRENTICE AVENUE SUITE 101
GREENWOOD VILLAGE, CO. 80111
PHONE (303) 741-6000

PAGE 2 OF 2

(Exemplar – Not for Execution)

**EXHIBIT 3
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 Meadows Filing No. 12. 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, as modified and limited by the Meadows Filing No. 12 Subdivision Improvements Agreement.

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 4

PARTIAL ASSIGNMENT AND ASSUMPTION
OF
SUBDIVISION IMPROVEMENTS AGREEMENT

This Assignment and Assumption (this "Assignment") is made this _____ day of _____, 200____, by and between CASTLE ROCK DEVELOPMENT COMPANY, a Colorado corporation ("Assignor"), whose address is 3033 East First Avenue, Suite 410, Denver, Colorado 80206, Attention _____, and _____, a _____ ("Assignee") whose address _____.

The parties agree as follows:

1. Property. The "Property" shall mean the following described property located within the Town of Castle Rock, Douglas County, Colorado:

(See Attached Legal Description)

2. Subdivision Improvements Agreement. The "Subdivision Improvements Agreement" shall mean The Meadows Filing No. 12 Subdivision Improvements Agreement dated _____ between Assignor and the Town of Castle Rock, a Colorado municipal corporation (the "Town"), recorded _____ under Reception No. _____ of the Douglas County Records. Terms which are defined in the Subdivision Improvements Agreement shall have the same meaning in this Assignment as defined in the Subdivision Improvements Agreement unless otherwise provided herein or the context otherwise requires.

3. Assumed Obligations. The "Assumed Obligations" shall mean all of the liability and obligations of Assignor as the Subdivider under and pursuant to the Subdivision Improvements Agreement which shall arise or accrue, or be required to be paid or performed, on or after the Effective Date as they pertain to those Phase Improvements which are more particularly described on the attached Exhibit A to this Agreement ("Builder's Improvements") which Exhibit A is incorporated herein by reference, including, without limitation, the following obligations under the Subdivision Improvements Agreement: (a) the obligation to construct any and all Builders Improvements; (b) the obligation to deliver the Security to the Town pertaining to Builder's Improvements; (c) if required pursuant to the Subdivision Improvements Agreement, the obligation to deliver the Landscape Deposit, if any, pertaining to Builder's Improvements; (d) the obligation to establish a cash escrow for the issuance of a building permit prior to substantial completion of Builder's Improvements pursuant to the Subdivision Improvements Agreement; and (e) the obligation to perform all warranty obligations pertaining to Builder's Improvements.

4. Retained Rights. The "Retained Rights" shall mean the rights and interests of Assignor under the Subdivision Improvements Agreement in connection with any default by Assignee under the Subdivision Improvements Agreement, including, without limitation, the right to receive notice from the Town in connection therewith, to cure any such default by Assignee and to perform the Remedial Work, and to utilize the Security in connection

EXHIBIT 4

therewith. Assignee acknowledges that it constitutes a "Builder" as contemplated by Section 6 of the Subdivision Improvements Agreement.

5. Assignment. Assignor hereby assigns and transfers to Assignee all right, title and interest of Assignor as the Subdivider under and pursuant to the Subdivision Improvements insofar as such rights pertain to the Builder's Improvements, excluding, however, the Retained Rights, which Retained Rights are accepted and reserved to Assignor.

6. Delegation and Assumption. Assignor hereby delegates the Assumed Obligations to Assignee and Assignee hereby assumes and agrees to pay and perform all of the Assumed Obligations. Assignor shall have the right to obtain the agreement of the Town to release Assignor from any liability for the performance of the Assumed Obligations.

7. Binding Effect. The terms and provisions of this Assignment shall be binding upon, and inure to the benefit of, Assignor and Assignee and their respective successors and assigns.

[This space intentionally left blank.]

EXHIBIT 4

IN WITNESS WHEREOF, the parties hereto have executed this Assignment the day and year first above written.

ASSIGNOR: CASTLE ROCK DEVELOPMENT COMPANY, a Colorado corporation

By: _____
Sandra C. Thomas, President

ATTEST:

Secretary

ASSIGNEE: _____,
a _____

By: _____
Title: _____

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 5th day of January, 2000, by Sandra C. Thomas as President, and _____ as Secretary of Castle Rock Development Company, a Colorado corporation.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT 4

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of _____, _____,
by _____ as _____ of _____, a
_____.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT 4

EXHIBIT A
TO
PARTIAL ASSIGNMENT AND ASSUMPTION
OF
SUBDIVISION IMPROVEMENTS AGREEMENT

Description of Phase Improvements to be constructed by Assignee

EXHIBIT 5
THE MEADOWS - WATER FACILITIES

WATER FACILITIES CAPACITY FILINGS 1-12			
Water SFE's	Existing Filings 1-11	Filing 12	TOTAL
Residential	2,781	326	3,107
Commercial/Industrial	4		4
Schools	34	16	50
Park Landscaping	260		260
Fire Station	4		4
AL WATER SFE's	3,083	342	3,425
Water Supply			
Required Well Capacity in gpm (1 SFE = 400)		2,521	(Deficit/ Surplus)
<u>Existing Well Capacity, gpm (estimated 30-day yield)</u>			<u>Surplus</u>
1 A-1		400	
1 A-2		350	
1 A-3		767	
1 A-5		570	
1 A-8		350	
1 D-1		570	
1 D-5		310	
1 D-7A		90	
		Total gpm	886
		Total SFE	1,203
		Less Most Productive Well (A-3)	-767
		Total firm gpm	119
		Total firm SFE	161
Water Treatment			
Required Treatment Capacity		2,521	(Deficit/ Surplus)
Existing Treatment Capacity (gpm)		2,778	257
Existing Treatment Capacity (SFE)		3,774	349
Water Storage			
Required Storage Volume in MG (1 SFE = 40)		3.63	(Deficit/ Surplus)
<u>Existing Storage Volume</u>			<u>Surplus</u>
1 Blue Tank #8		3.00	
1 Yellow Tank #12a		4.00	
1 Fire Storage (Blue Tank)		-0.63	
		Total Storage MG	2.74
		Total storage SFE	2,584