

**FIRST MODIFICATION TO THE
ORIGINAL CONSOLIDATED SERVICE PLAN
FOR
MURPHY CREEK METROPOLITAN DISTRICTS NOS. 1, 2, 3 AND 4
CITY OF AURORA, COLORADO**

Prepared for

Murphy Creek Metropolitan Districts Nos. 1-4

By

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January 18, 2002

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I. INTRODUCTION

The following introductory text shall supplement rather than supercede or restate the information as set forth in the Introduction in the Original Consolidated Service Plan unless otherwise stated.

Formation of Murphy Creek Metropolitan District Nos. 1-4 (the "Districts") was approved by the Aurora City Council in conjunction with approval of a Consolidated Service Plan on September 14, 1998, (the "Original Consolidated Service Plan"). The relationship between the Districts is set forth within the Original Consolidated Service Plan and generally states that Murphy Creek Metropolitan District No. 1 "(Service District") is responsible for managing the construction and operation of facilities and improvements and that Murphy Creek Metropolitan Districts Nos. 2-4 ("Financing Districts") are responsible for raising revenues necessary to support the financing of the capital improvements and any necessary operations.

The Original Consolidated Service Plan authorizes the Districts to issue general obligation debt in the aggregate not-to-exceed amount of \$30,000,000, of which \$13,200,000 is designated as Senior Bonds and the remainder as Subordinate Bonds. Pursuant to the Original Consolidated Service Plan, all general obligation bonds issued by the Districts will be paid from an ad valorem tax of not more than 42.55 mills, subject to adjustment as permitted therein. The Original Consolidated Service Plan requires that all debt authorization above \$30,000,000 and any adjustments to the debt service mill levy limitation of 42.55 mills which are not otherwise permitted pursuant to the Original Consolidated Service Plan, be approved by the City of Aurora as a material modification.

The purposes of this First Modification are to make certain modifications to the information contained in the Original Consolidated Service Plan relating to the estimated costs of improvements and to the Financial Plan of the Districts. This First Modification accomplishes the following objectives: (1) it sets forth a revised, increased estimated cost of improvements, (2) provides updated development projections, and (3) increases the authorized debt limitation to coincide with such increased costs and development projections. This first modification also sets forth the current boundaries of the Districts, based upon boundary adjustments that have been made subsequent to the approval of the Original Consolidated Service Plan.

The Boards of Directors of the Districts hereby respectfully requests that after public hearing conducted pursuant to Section 32-1-201, et seq., C.R.S., the Aurora City Council adopt a resolution of approval of this First Modification to the Original Consolidated Service Plan based upon the information tendered herewith, together with the information already in the official record made before the City Council in connection with approval of the Original Consolidated Service Plan on September 14, 1998. All of the information necessary to satisfy the statutory requirements for approval of this First Modification to the Original Consolidated Service Plan, as contained in Section 32-1-203(2), C.R.S., are fully satisfied.

II. PURPOSE OF AND NEED FOR THE PROPOSED DISTRICTS

This section of the Original Consolidated Service Plan is not modified.

III. BOUNDARIES; POPULATION AND ASSESSED VALUATION ESTIMATES

A. General.

This sub-section of the Original Consolidated Service Plan shall be amended and restated as follows:

The service area of the Districts is generally described as all real property within the boundaries of the Districts. Since the time of the Original Consolidated Service Plan, certain boundary adjustments have been made as approved by the City of Aurora. The current boundaries of the Districts are more particularly depicted in the amended maps contained in Amended Exhibits D-1 and D-2. Amended legal descriptions of the boundaries of the Districts are attached as Amended Exhibits B-1, B-2 and B-3 respectively. It is anticipated that District No. 3 will consider inclusion of property known as "Murphy Creek East" upon receipt of City Council approval. Murphy Creek East is included in the map and legal description on Amended Exhibits D-2 and B-3 respectively. There is currently no property located within the boundaries of Murphy Creek Metropolitan District No. 4, and such District has been dissolved in accordance with Section 32-1-703, C.R.S.

Exhibit C to the Original Consolidated Service Plan is an Aurora Vicinity map, which generally reflects the Districts' location within current Aurora boundaries. The petitioners assure that the Districts are entirely within the current boundaries of Aurora.

B. Changes in Boundaries.

This sub-section of the Original Consolidated Service Plan is not modified.

C. Configuration of Districts.

This sub-section of the Original Consolidated Service Plan is not modified.

D. Population and Assessed Valuation Estimates.

This sub-section of the Original Consolidated Service Plan shall be amended and restated as follows:

An amended estimate of projected assessed valuations within the Districts is set forth in Amended Exhibit H which contains the Financing Plan for the Districts.

1. Murphy Creek Metropolitan District Nos. 1 and 2. Murphy Creek Metropolitan District Nos. 1 and 2 are anticipated to include only commercial development within their boundaries. The 2001 assessed valuation for all property within the boundaries of

Murphy Creek Metropolitan District Nos. 1 and 2 was approximately \$495,000.

2. Murphy Creek Metropolitan District No. 3. As a result of boundary adjustments that have taken place in District Nos. 3 and 4, all property previously located in District No. 4 has been included into District No. 3. A contemporaneous exclusion occurred whereby all property within the boundaries of District No. 4 was excluded. District No. 4 has been dissolved, in accordance with Section 32-1-703, C.R.S. At build-out, the population of Murphy Creek Metropolitan District No. 3 is estimated to be approximately 1,725 persons. The 2001 assessed valuation for all property within the boundaries of Murphy Creek Metropolitan District No. 3 and the previous boundaries of Murphy Creek Metropolitan District No. 4 is approximately \$2,173,000.

IV. DESCRIPTION OF PROPOSED FACILITIES

This section of the Original Consolidated Service Plan is amended only by the amended and restated Amended Exhibit G. Exhibit F shall be supplemented by construction drawings, prepared by Peak Civil Engineering for Murphy Creek, and as approved by the City.

V. FINANCIAL PLAN

The following shall replace and restate in its entirety Article VII of the Original Consolidated Service Plan, entitled "Financial Plan."

A. Debt Limitation. Pursuant to the Master IGA contemplated herein, the Operating District shall be responsible for construction of the facilities described herein to the extent the Taxing Districts have the financial resources to provide funding to the Operating District for construction of such facilities. The total estimated costs of the facilities is approximately \$81,000,000 in 2001 dollars that are exclusive of costs issuance, organizational costs, inflation and other similar costs, but inclusive of contingencies, engineering and construction management. The total combined new money general obligation bond debt limit ("debt limit") for the Districts will be \$93,500,000.00, inclusive of costs of issuance, organizational costs, inflation, and other similar costs. As used herein, the definition of "debt" shall include all outstanding general obligations of the Districts that are payable from ad valorem taxes. Increases in debt necessary to accomplish a refunding, re-issuance or restructuring of debt, and bonds payable solely from sources other than ad valorem property taxes shall not count against the debt limit. Obligations of the Districts in the Master IGA discussed herein will not count against the debt limitation. The debt limit shall not be increased unless approved by Aurora and as permitted by statute. Any change in debt limit shall be considered a material modification of the Service Plan.

B. Approval of Debt Issuance. It is currently anticipated that the Taxing Districts will issue general obligation bonds and pay the proceeds to the Operating District under the Master IGA in amounts sufficient to permit the Operating District to construct needed facilities. The Taxing Districts anticipate issuance of debt in the amount of \$39,850,000.00 within the first five (5) years from the date of this Service Plan Amendment. The timing of issuance of bonds will be adjusted from time to time to meet development requirements.

A written underwriting commitment from a lender or investment banking firm is attached as Exhibit J for all debt anticipated to be issued within five (5) years hereafter.

C. Identification of District Revenue. All bonds issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes to be imposed upon all taxable property within the Taxing Districts; subject to the following limitations:

1. The maximum mill levy the Taxing Districts can promise to impose for the payment of general obligation debt and for operations and maintenance shall be 45.29 mills ("The Mill Levy Cap"). This Mill Levy Cap may be eliminated for payment of senior lien general obligation debt at such time as the face amount of all outstanding senior lien general obligation bonds does not exceed fifty percent (50%) of the respective Taxing District's assessed valuation. The foregoing mill levy limit shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur subsequent to the date of this Service Plan Amendment. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the respective Taxing District and overall tax payments from property owners.

The total outstanding amount of general obligation debt must be less than fifty percent (50%) of the respective Taxing District's assessed valuation in order for such District to issue debt that is not subject to the Mill Levy Cap. The total outstanding general obligation debt must remain less than fifty percent (50%) of the respective Taxing District's assessed valuation after such issuance in order to not be subject to the Mill Levy Cap. Additionally, any debt exceeding fifty percent (50%) of the valuation for assessment of the taxable property in the respective Taxing District must be issued in compliance with Colorado law, and specifically, Section 32-1-1101(6), C.R.S.

In addition to revenues from the Taxing Districts' mill levy, the Districts anticipate revenue from specific ownership taxes, Landowner or Developer advances, interest income and other sources, as further set forth and projected in the Financing Plan attached hereto as Amended Exhibit H.

The Districts are anticipated to receive initial funding for both capital and ongoing administrative requirements from Landowner or Developer advances. Such advances shall be made to the Districts subject to the Districts' obligation to reimburse the same, as shall be evidenced by short-term reimbursement agreements or other acceptable agreements. Such advances shall count against the maximum allowable debt limit. Such agreements shall be limited to a twenty-year (20) term, shall be subject to the debt limitation set forth in section V.A. and shall be subject to a maximum allowable interest rate of twelve per cent (12%). Any amount of outstanding principal and accrued interest or other obligation of such agreements that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full. The Landowner or Developer shall not be permitted to re-market or re-sell the Districts'

obligation to reimburse such advances without the prior approval of both the Districts and Aurora. It is anticipated that any and all advances that are made by the Landowner or Developer shall be repaid by the District from general obligation bond proceeds or other legally available sources of revenue, and refinancing of the same shall not require City approval. The Districts shall have the authority to use all available revenues in any legally permissible manner.

The following additional revenue sources, as set forth in Exhibit H, in the following amounts over time are:

Revenue	Years Collected	<u>Total Amount</u>
Specific Ownership Taxes	2004-2038	\$14,834,847
Landowner/Developer Advances	2002-2012	\$51,525,341
Interest Income	2003-2038	\$8,269,071
Development Fees	2002-2019	\$13,116,930

D. Security for Debt. The Districts shall not pledge any revenue or property of Aurora as security for the indebtedness set forth in the Financial Plan of the proposed Districts.

E. Refinancing of District Debt. Notwithstanding any provision of state statute to the contrary, the Districts shall not extend the final maturity or increase the total debt service of any District debt through refinancing or any other method without the prior approval of the Aurora City Council, following a public hearing thereon. Notwithstanding the foregoing, such prior approval need not be obtained where the refunding or restructuring of senior lien general obligation debt of the Districts is being undertaken for the purpose of preventing or averting default or terminating a condition of default.

F. Subordinate Bonds. The Districts shall have the authority to issue such subordinate lien bonds as may be necessary to complete the improvements to be constructed by the Districts. As a condition precedent to issuance of all or any portion of subordinate bonds, the Districts shall be required to present an updated financial plan to the City for approval. Such updated financial plan shall meet all of the criteria set forth in Section V. Such bonds will be characterized as general obligation bonds and, therefore, be subject to the Districts' debt limit, but will be subordinate to all senior lien general obligation bonds then outstanding. The Landowner or Developer of the property within the Districts shall initially purchase all subordinate lien bonds issued by the Districts. The principal and interest on such bonds shall be paid only if and to the extent revenues are available after the payment of senior Districts obligations and operating costs. Following is one example of the terms upon which the subordinate bonds may issue:

1. The final maturity shall not exceed twenty (20) years from the date of issuance;
2. The final maturity cannot be extended through refinancing, conversion, or any other method;
3. Any amount of outstanding principal and accrued interest or other

obligation that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full;

4. Conversion to senior lien bond status shall require that the Districts net revenues for the immediately preceding fiscal year equal at least 1.2 times the combined value of the debt service of the subordinate bonds to be converted; and

5. The total amount of outstanding senior lien debt, after the conversion, does not exceed forty percent (40%) of the total assessed value of property within the District.

6. Landowner or Developer held subordinate debt cannot be re-sold or re-marketed without prior Aurora administrative approval.

G. Quinquennial Review. Pursuant to Section 32-1-1101.5, the Districts shall submit application for a quinquennial finding of reasonable diligence in every fifth calendar year after the calendar year in which the Districts' ballot issue to incur general obligation indebtedness was approved by its electors. Upon such application, the City shall conduct an administrative review to ensure that the Districts' conduct is in conformance with the provisions of Section 122-35(b) of the Aurora City Code. In the event that Aurora determines that a public hearing is necessary on such application, such hearing shall be held in accordance with Section 32-1-1101.5(2)(a) and a determination for continuation of the authority of the boards of the Districts to issue any remaining authorized general obligation debt shall be made at that time. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required by Aurora under this Section.

H. Description of Existing Conditions. Development is currently underway within the Districts. The current assessed value of land within the Districts is approximately \$2,670,000.

I. Financial Analysis. The proposed Financial Plan of the Districts is attached hereto as Amended Exhibit H, which has been prepared in accordance with the standards established by the American Institute of Certified Public Accountants and certified by the preparer. Such Exhibit includes a complete forecasted statement of sources and uses of District revenue, extending through the discharge of all proposed indebtedness. Separate amortization schedules showing annual principal and interest payments are provided for each proposed debt issue and for all debt combined. Insofar as different classes of debt are proposed, the total debt service for each class of debt is shown. A Sources and Uses statement is also provided for each proposed debt issue. The proposed Financing Plan contemplates the use of a debt service reserve fund for each debt issue. As further described in the summary of significant forecast assumptions and accounting policies, after the Districts are formed, and at the time the proposed debts are issued, the Districts anticipate entering into an agreement with the Developer whereby the Developer agrees to deposit money, as needed, to reimburse the debt service reserve fund if any authorized draws are made upon said fund. Said agreement is intended to exist until such time as the debt issue is refunded or it achieves an investment grade rating.

The Financial Plan demonstrates one method that may be used by the Districts to finance

the cost of facilities. If the Districts decide to amend the existing Financial Plan by using an alternative and materially different financing method, they shall submit the amended Financial Plan to Aurora for administrative review to determine whether it is consistent with this Service Plan. Any material economic deviation of the amended financial plan from the scope of this Service Plan shall be deemed a material modification hereof and shall be subject to the provisions of the Aurora City Code governing the approval of such modifications. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required to determine whether material modifications to the Service Plan are being proposed and whether the same are acceptable under the standards set forth for the approval of such modifications in the Aurora City Code.

The Financing Plan does not project any significant accumulation of fund balances which might represent receipt of revenues in excess of expenditures under the TABOR Amendment. It is anticipated that certain operations of the Operating District may qualify as "enterprises" under the TABOR Amendment. If any of its operations do not qualify as enterprises under TABOR, revenues from all sources which exceed the permitted level of expenditures in a given year for those operations will be refunded to taxpayers unless a vote approving the retention of such revenues is obtained. To the extent annual District revenues exceed expenditures in this manner, the Districts will comply with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts. Initial spending and revenue limits of the Districts, as well as mill levies, will be established by elections which satisfy TABOR requirements. In the discretion of the Board of Directors, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by any of the Districts will remain under the control of its Board of Directors.

J. Risk Disclosure. The ability of the Districts to meet the projections upon which the Financial Plan is premised is subject to various risks and uncertainties, including but not necessarily limited to, actual development that occurs within the Districts' boundaries and the sale of lots/construction of homes as might occur within the area and actual market valuation of property within the Districts' boundaries. Development in the Districts will be impacted by many factors including governmental policies regarding land development, the availability of utilities, construction costs, interest rates, competition from other developments and other political, legal and economic conditions.

VI. GENERAL MATTERS

This section of the Original Consolidated Service Plan is not modified.

VII. CONSERVATION TRUST FUND

This section of the Original Consolidated Service Plan is not modified.

VIII. CONSOLIDATION

This section of the Original Consolidated Service Plan is not modified.

IX. MODIFICATION OF SERVICE PLAN

This section of the Original Consolidated Service Plan is not modified.

X. FAILURE TO COMPLY WITH SERVICE PLAN

This section of the Original Consolidated Service Plan is not modified.

XI. RESOLUTION OF APPROVAL

This section of the Original Consolidated Service Plan is not modified.

XII. DISCLOSURE

This section of the Original Consolidated Service Plan is not modified.

XIII. INTERGOVERNMENTAL AGREEMENTS

This section of the Original Consolidated Service Plan is not modified.

XIV. CONCLUSION

It is submitted that this First Modification to the Original Consolidated Service Plan for the Districts, as required by § 32-1-203(2), C.R.S., has established that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;

B. The existing service in the area to be served by the Districts is inadequate for present and projected needs;

C. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries,

D. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

E. Adequate service is not, and will not be, available to the area through Aurora, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

F. The facility and service standards of the Districts are compatible with the facility and service standards of Aurora within which the Districts are to be located and each municipality which is an interested party under § 32-1-204(1), C.R.S.;

G. The proposal is in substantial compliance with a comprehensive plan adopted

pursuant to Section 146-2196 of the Aurora Code;


H. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area; and

I. The creation of the Districts is in the best interests of the area proposed to be served.

Therefore, it is requested that the Aurora City Council, which has jurisdiction to approve this First Modification to the Original Consolidated Service Plan by virtue of § 32-1-201, C.R.S., et seq., as amended, adopt a resolution which approves this First Modification to the Original Consolidated Service Plan for the Districts as submitted.

Respectfully submitted,

WHITE AND ASSOCIATES

By: 
Gary R. White
Kristen D. Bear
Counsel to Petitioners

AMENDED EXHIBIT B
Legal Descriptions
(B-1; B-2; and B-3)

EXHIBIT B-1
MURPHY CREEK METROPOLITAN DISTRICT NO. 1

Murphy Creek - Metro District
Control Area - Commercial
#197 - 6/22/00

Property Description

A part of the Southeast 1/4 of Section 19, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

BEGINNING at the Southeast corner of said Section 19;
Thence S 89°36'38" W, along the South line of said Southeast 1/4, a distance of 864.94 feet;
Thence N 00°29'18" W, a distance of 1129.26 feet;
Thence S 89°53'14" E, a distance of 666.75 feet;
Thence S 00°06'46" W, a distance of 1053.46 feet;
Thence N 89°36'38" E, a distance of 180.01 feet;
Thence N 00°06'46" E, along a line parallel to and 30.00 feet equidistant from the East line of said Southeast 1/4, a distance of 1051.88 feet;
Thence S 89°53'14" E, a distance of 30.00 feet to a point on the East line of said Southeast 1/4;
Thence S 00°06'46" W, along said East line, a distance of 1121.62 feet to the POINT OF BEGINNING;

Containing 18.15 acres, more or less.

DP
Paul D. Nelson, Jr., L.S. #11330
as to description only

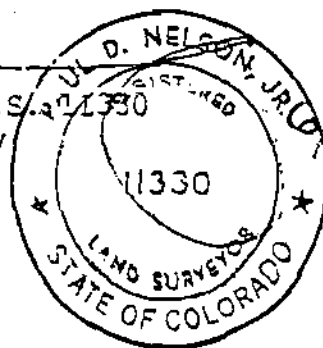


EXHIBIT B-2
MURPHY CREEK METROPOLITAN DISTRICT NO. 2

Murphy Creek - Metro District
Area 3 - Commercial
#197 - 7/9/98

Property Description

A part of the East 1/2 of Section 24, T. 4 S., R. 66 W., and a part of the West 1/2 of Section 19, and a part of the West 1/2 of Section 30, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

BEGINNING at the Southwest corner of said Section 19;
Thence N 00°14'58" W, along the West line of said Section 19, a distance of 1276.86 feet to a point of non-tangent curve;
Thence along said curve to the left the center of which bears N 88°19'14" W, having a radius of 3820.00 feet a central angle of 37°53'12" an arc distance of 2525.96 feet to a point of tangent;
Thence N 36°12'26" W, along said tangent, a distance of 2021.14 feet to a point on the North line of said Section 24;
Thence N 89°34'34" E, along said North line, a distance of 1912.02 feet to a point on the Northwest corner of said Section 19;
Thence N 89°57'14" E, along the North line of said Section 19, a distance of 648.02 feet;
Thence the following twenty-nine (29) courses:
1. S 00°56'58" W, a distance of 835.77 feet;
2. S 31°37'10" W, a distance of 710.98 feet;
3. S 48°10'11" W, a distance of 622.09 feet;
4. S 74°39'15" W, a distance of 138.64 feet to a point of non-tangent curve;
5. along said curve to the left the center of which bears N 74°39'15" E, having a radius of 715.00 feet a central angle of 09°53'37" an arc distance of 123.46 feet;
6. N 64°45'38" E, a distance of 120.06 feet;
7. S 37°09'48" E, a distance of 562.68 feet;
8. S 27°01'53" E, a distance of 354.71 feet;
9. S 07°03'41" W, a distance of 355.92 feet;
10. S 78°31'10" W, a distance of 171.46 feet to a point of non-tangent curve;
11. along said curve to the right the center of which bears S 78°31'10" W, having a radius of 3985.00 feet a central angle of 02°06'31" an arc distance of 146.66 feet to a point of reverse curve;
12. along said curve to the left having a radius of 715.00 feet a central angle of 08°56'07" an arc distance of 111.50 feet;
13. N 71°41'34" E, a distance of 155.33 feet;
14. S 28°41'33" E, a distance of 156.64 feet;
15. S 67°03'42" E, a distance of 128.23 feet;

16. N 68°34'23" E, a distance of 90.00 feet;
 17. S 21°25'37" E, a distance of 97.56 feet;
 18. S 20°18'53" E, a distance of 165.12 feet;
 19. S 01°08'08" E, a distance of 182.00 feet;
 20. S 50°48'28" W, a distance of 143.17 feet;
 21. S 80°51'15" W, a distance of 44.24 feet;
 22. S 09°08'45" E, a distance of 70.12 feet to a point of curve;
 23. along said curve to the left having a radius of 30.00 feet a central angle of 89°00'34" an arc distance of 46.61 feet to a point of non-tangent compound curve;
 24. along said curve to the left the center of which bears S 08°09'18" E, having a radius of 780.00 feet a central angle of 00°59'26" an arc distance of 13.48 feet to a point of tangent;
 25. S 80°51'15" W, along said tangent, a distance of 51.00 feet;
 26. S 09°08'45" E, a distance of 35.00 feet to a point of non-tangent curve;
 27. along said curve to the right the center of which bears N 09°08'45" W, having a radius of 1100.00 feet a central angle of 08°53'47" an arc distance of 170.80 feet to a point of tangent;
 28. S 89°45'02" W, along said tangent, a distance of 138.20 feet;
 29. S 00°14'58" W, a distance of 1144.43 feet to a point on the North line of said Section 30;
- Thence N 89°36'25" E, along said North line, a distance of 1300.72 feet;
- Thence the following seventeen (17) courses;
1. S 00°23'47" E, a distance of 205.90 feet;
 2. S 46°30'31" W, a distance of 158.36 feet;
 3. S 26°02'14" W, a distance of 290.03 feet;
 4. N 85°17'12" W, a distance of 156.21 feet to a point of non-tangent curve;
 5. along said curve to the right the center of which bears N 85°17'12" W, having a radius of 780.00 feet a central angle of 32°19'15" an arc distance of 440.00 feet;
 6. N 52°57'57" W, a distance of 35.00 feet to a point of non-tangent curve;
 7. along said curve to the right the center of which bears N 52°57'57" W, having a radius of 745.00 feet a central angle of 07°59'52" an arc distance of 103.99 feet to a point of tangent;

8. S 45°01'55" W, along said tangent, a distance of 380.36 feet to a point of curve;
 9. along said curve to the left having a radius of 702.81 feet a central angle of 73°58'05" an arc distance of 907.32 feet to a point of reverse curve;
 10. along said curve to the right having a radius of 745.00 feet a central angle of 37°59'55" an arc distance of 494.08 feet to a point of non-tangent compound curve;
 11. along said curve to the right the center of which bears S 10°11'35" W, having a radius of 745.00 feet a central angle of 79°34'12" an arc distance of 1034.63 feet to a point of tangent;
 12. S 00°14'13" E, along said tangent, a distance of 131.56 feet to a point of curve;
 13. along said curve to the left having a radius of 745.00 feet a central angle of 50°02'46" an arc distance of 650.73 feet to a point of tangent;
 14. S 50°16'59" E, along said tangent, a distance of 1019.27 feet;
 15. S 39°43'01" W, a distance of 33.60 feet to a point of curve;
 16. along said curve to the right having a radius of 1010.00 feet a central angle of 49°58'35" an arc distance of 880.98 feet to a point of tangent;
 17. S 89°41'36" W, along said tangent, a distance of 1273.34 feet to a point on the West line of said Section 30;
- Thence N 00°14'13" W, along said West line, a distance of 2435.24 feet to the West 1/4 corner of said Section 30;
- Thence N 00°12'52" W, continuing along said West line, a distance of 2645.19 feet to the POINT OF BEGINNING;

Containing 207.60 acres, more or less.

DD
Paul D. Nelson, Jr., L.S. 11330
as to description only



EXHIBIT B-3
MURPHY CREEK METROPOLITAN DISTRICT NO. 3

Murphy Creek - Metro District
Area 4 - Residential
#197 - 7/9/98 Revised 6/22/00

Property Description

All of Section 19, except the West 180.00 feet of the East 210.00 feet thereof, all of Section 30, except the South 210.00 feet and the East 210.00 feet thereof, all in T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado;

AND EXCEPTING AND EXCLUDING THEREFROM
THE FOLLOWING DESCRIBED EIGHT (8) PARCELS OF LAND:

A part of the Southeast 1/4 of Section 19, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

BEGINNING at the Southeast corner of said Section 19;
Thence S 89°36'38" W, along the South line of said Southeast 1/4, a distance of 864.94 feet;
Thence N 00°29'18" W, a distance of 1129.26 feet;
Thence S 89°53'14" E, a distance of 666.75 feet;
Thence S 00°06'46" W, a distance of 1053.46 feet;
Thence N 89°36'38" E, a distance of 180.01 feet;
Thence N 00°06'46" E, along a line parallel to and 30.00 feet equidistant from the East line of said Southeast 1/4, a distance of 1051.88 feet;
Thence S 89°53'14" E, a distance of 30.00 feet to a point on the East line of said Southeast 1/4;
Thence S 00°06'46" W, along said East line, a distance of 1121.62 feet to the POINT OF BEGINNING;

Containing 18.15 acres, more or less.

A part of the East 1/2 of Section 24, T. 4 S., R. 66 W., and a part of the West 1/2 of Section 19, and a part of the West 1/2 of Section 30, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

BEGINNING at the Southwest corner of said Section 19;
Thence N 00°14'58" W, along the West line of said Section 19, a distance of 1276.86 feet to a point of non-tangent curve;
Thence along said curve to the left the center of which bears N 88°19'14" W, having a radius of 3820.00 feet a central angle of 37°53'12" an arc distance of 2525.96 feet to a point of tangent;
Thence N 36°12'26" W, along said tangent, a distance of 2021.14 feet to a point on the North line of said Section 24;

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Thence N 89°34'34" E, along said North line, a distance of 1912.02 feet to a point on the Northwest corner of said Section 19;

Thence N 89°57'14" E, along the North line of said Section 19, a distance of 648.02 feet;

Thence the following twenty-nine (29) courses;

1. S 00°56'58" W, a distance of 835.77 feet;
2. S 31°37'10" W, a distance of 710.98 feet;
3. S 48°10'11" W, a distance of 622.09 feet;
4. S 74°39'15" W, a distance of 138.64 feet to a point of non-tangent curve;
5. along said curve to the left the center of which bears N 74°39'15" E, having a radius of 715.00 feet a central angle of 09°53'37" an arc distance of 123.46 feet;
6. N 64°45'38" E, a distance of 120.06 feet;
7. S 37°09'48" E, a distance of 562.68 feet;
8. S 27°01'53" E, a distance of 354.71 feet;
9. S 07°03'41" W, a distance of 355.92 feet;
10. S 78°31'10" W, a distance of 171.46 feet to a point of non-tangent curve;
11. along said curve to the right the center of which bears S 78°31'10" W, having a radius of 3985.00 feet a central angle of 02°06'31" an arc distance of 146.66 feet to a point of reverse curve;
12. along said curve to the left having a radius of 715.00 feet a central angle of 08°56'07" an arc distance of 111.50 feet;
13. N 71°41'34" E, a distance of 155.33 feet;
14. S 28°41'33" E, a distance of 156.64 feet;
15. S 67°03'42" E, a distance of 128.23 feet;
16. N 68°34'23" E, a distance of 90.00 feet;
17. S 21°25'37" E, a distance of 97.56 feet;
18. S 20°18'53" E, a distance of 165.12 feet;
19. S 01°08'08" E, a distance of 182.00 feet;
20. S 50°48'28" W, a distance of 143.17 feet;
21. S 80°51'15" W, a distance of 44.24 feet;
22. S 09°08'45" E, a distance of 70.12 feet to a point of curve;
23. along said curve to the left having a radius of 30.00 feet a central angle of 89°00'34" an arc distance of 46.61 feet to a point of non-tangent compound curve;
24. along said curve to the left the center of which bears S 08°09'18" E, having a radius of 780.00 feet a central angle of 00°59'26" an arc distance of 13.48 feet to a point of tangent;
25. S 80°51'15" W, along said tangent, a distance of 51.00 feet;

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26. S 09°08'45" E, a distance of 35.00 feet to a point of non-tangent curve;
27. along said curve to the right the center of which bears N 09°08'45" W, having a radius of 1100.00 feet a central angle of 08°53'47" an arc distance of 170.80 feet to a point of tangent;
28. S 89°45'02" W, along said tangent, a distance of 138.20 feet;
29. S 00°14'58" W, a distance of 1144.43 feet to a point on the North line of said Section 30;

Thence N 89°36'25" E, along said North line, a distance of 1300.72 feet;

Thence the following seventeen (17) courses;

1. S 00°23'47" E, a distance of 205.90 feet;
2. S 46°30'31" W, a distance of 158.36 feet;
3. S 26°02'14" W, a distance of 290.03 feet;
4. N 85°17'12" W, a distance of 156.21 feet to a point of non-tangent curve;
5. along said curve to the right the center of which bears N 85°17'12" W, having a radius of 780.00 feet a central angle of 32°19'15" an arc distance of 440.00 feet;
6. N 52°57'57" W, a distance of 35.00 feet to a point of non-tangent curve;
7. along said curve to the right the center of which bears N 52°57'57" W, having a radius of 745.00 feet a central angle of 07°59'52" an arc distance of 103.99 feet to a point of tangent;
8. S 45°01'55" W, along said tangent, a distance of 380.36 feet to a point of curve;
9. along said curve to the left having a radius of 702.81 feet a central angle of 73°58'05" an arc distance of 907.32 feet to a point of reverse curve;
10. along said curve to the right having a radius of 745.00 feet a central angle of 37°59'55" an arc distance of 494.08 feet to a point of non-tangent compound curve;
11. along said curve to the right the center of which bears S 10°11'35" W, having a radius of 745.00 feet a central angle of 79°34'12" an arc distance of 1034.63 feet to a point of tangent;
12. S 00°14'13" E, along said tangent, a distance of 131.56 feet to a point of curve;
13. along said curve to the left having a radius of 745.00 feet a central angle of 50°02'46" an arc distance of 650.73 feet to a point of tangent;
14. S 50°16'59" E, along said tangent, a distance of 1019.27 feet;

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15. S 39°43'01" W, a distance of 33.60 feet to a point of curve;
 16. along said curve to the right having a radius of 1010.00 feet a central angle of 49°58'35" an arc distance of 880.98 feet to a point of tangent;
 17. S 89°41'36" W, along said tangent, a distance of 1273.34 feet to a point on the West line of said Section 30;
- Thence N 00°14'13" W, along said West line, a distance of 2435.24 feet to the West 1/4 corner of said Section 30;
- Thence N 00°12'52" W, continuing along said West line, a distance of 2645.19 feet to the POINT OF BEGINNING;

Containing 207.60 acres, more or less.

A part of Section 30, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

Commencing at the Northeast corner of said Section 30;

Thence S 89°36'38" W, along the North line of said Section 30, a distance of 2032.13 feet;

Thence S 08°36'53" W a distance of 70.87 feet to the POINT OF BEGINNING;

Thence the following Forty-two (42) courses:

1. S 08°36'53" W a distance of 63.65 feet;
2. S 39°48'02" W a distance of 448.79 feet;
3. S 40°51'05" W a distance of 467.30 feet;
4. S 56°20'43" W a distance of 520.19 feet;
5. S 20°34'35" W a distance of 96.41 feet;
6. S 40°43'25" E a distance of 661.28 feet;
7. S 22°25'28" E a distance of 671.71 feet;
8. S 48°35'07" E a distance of 351.65 feet;
9. S 32°57'09" W a distance of 1050.00 feet;
10. S 57°34'46" W a distance of 176.52 feet;
11. S 67°11'36" W a distance of 217.72 feet;
12. S 57°39'29" W a distance of 169.36 feet;
13. S 33°07'26" W a distance of 149.67 feet;
14. S 53°34'25" W a distance of 179.91 feet;
15. S 61°30'28" W a distance of 407.83 feet;
16. N 50°16'59" W a distance of 179.73 feet to a point of curve;
17. along said curve to the right having a radius of 710.00 feet a central angle of 36°17'45" an arc distance of 449.77 feet to a point of non-tangent;

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18. N 76°00'46" W, along said non-tangent, a distance of 241.29 feet;
19. N 18°46'37" E a distance of 373.12 feet;
20. S 87°20'44" E a distance of 370.41 feet;
21. S 33°08'47" E a distance of 70.86 feet;
22. S 84°08'25" E a distance of 76.44 feet;
23. N 62°51'19" E a distance of 335.10 feet;
24. N 50°05'57" E a distance of 189.45 feet;
25. N 35°40'26" E a distance of 220.22 feet;
26. N 38°24'37" W a distance of 301.69 feet;
27. N 85°22'01" W a distance of 220.00 feet;
28. N 10°35'33" W a distance of 322.40 feet;
29. N 07°16'01" W a distance of 304.54 feet;
30. N 58°00'27" W a distance of 251.56 feet;
31. N 30°26'18" W a distance of 432.83 feet;
32. N 11°47'26" E a distance of 420.55 feet;
33. N 18°32'52" W a distance of 301.51 feet;
34. N 51°02'11" E a distance of 299.87 feet;
35. S 65°02'54" E a distance of 115.38 feet;
36. N 33°28'00" E a distance of 121.02 feet;
37. S 43°08'34" E a distance of 252.91 feet;
38. N 56°02'51" E a distance of 324.93 feet;
39. N 54°26'33" E a distance of 226.03 feet;
40. N 46°56'31" E a distance of 427.09 feet;
41. N 04°28'18" W a distance of 61.83 feet;
42. N 89°36'38" E a distance of 338.42 feet, to the POINT OF BEGINNING;

Containing 67.02 acres, more or less.

A part of Section 30, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

Commencing at the Northeast corner of said Section 30;

Thence S 89°36'38" W, along the North line of the Northeast 1/4 of said Section 30, a distance of 2631.78 feet to the North 1/4 corner of said Section 30;

Thence S 89°36'25" W, along the North line of the Northwest 1/4 of said Section 30, a distance of 711.89 feet;

Thence S 00°23'35" E, a distance of 70.00 feet to the POINT OF BEGINNING;

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Thence the following forty (40) courses:

1. continuing S 00°23'35" E, a distance of 80.00 feet;
2. S 89°36'25" W, a distance of 197.00 feet;
3. S 06°50'51" E a distance of 449.15 feet;
4. S 51°02'11" W a distance of 299.87 feet;
5. S 87°19'14" W a distance of 89.37 feet;
6. S 61°55'58" W a distance of 122.09 feet;
7. S 48°56'10" W a distance of 134.96 feet;
8. S 51°45'49" W a distance of 72.65 feet;
9. S 62°26'18" W a distance of 101.08 feet;
10. N 69°41'57" W a distance of 94.12 feet;
11. S 86°48'30" W a distance of 56.79 feet;
12. S 47°27'03" W a distance of 126.04 feet;
13. S 37°09'26" E a distance of 121.18 feet;
14. S 38°24'49" E a distance of 191.90 feet;
15. S 18°14'09" E a distance of 248.87 feet;
16. S 08°45'30" E a distance of 537.16 feet;
17. S 02°25'39" E a distance of 114.41 feet;
18. S 53°11'38" E a distance of 72.64 feet;
19. N 82°09'52" E a distance of 145.46 feet;
20. S 55°58'11" E a distance of 286.35 feet;
21. S 32°50'43" E a distance of 131.24 feet;
22. S 20°13'05" E a distance of 264.09 feet;
23. S 06°34'41" E a distance of 245.14 feet;
24. S 09°47'30" W a distance of 255.22 feet;
25. N 87°20'44" W a distance of 370.41 feet;
26. N 01°10'51" W a distance of 352.31 feet;
27. N 18°58'04" W a distance of 340.62 feet;
28. N 50°41'20" W a distance of 130.40 feet;
29. N 79°09'30" W a distance of 174.30 feet;
30. N 27°05'04" W a distance of 350.82 feet;
31. N 11°45'07" W a distance of 383.60 feet;
32. N 26°28'20" W a distance of 334.61 feet;
33. N 36°41'27" W a distance of 228.12 feet;
34. N 45°01'55" E a distance of 308.02 feet to a point of curve;
35. along said curve to the left having a radius of 780.00 feet a central angle of 40°19'06" an arc distance of 548.88 feet to a point of non-tangent;
36. S 85°17'12" E, along said non-tangent, a distance of 156.21 feet;

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37. N 26°02'14" E a distance of 290.03 feet;
38. N 46°30'27" E a distance of 158.34 feet;
39. N 00°23'47" W a distance of 135.90 feet;
40. N 89°36'25" E a distance of 558.11 feet to the POINT OF BEGINNING;

Containing 32.31 acres, more or less.

A part of Section 19, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

Commencing at the Southeast corner of said Section 19;

Thence S 89°36'38" W, along the South line of said Section 19, a distance of 2135.18 feet;

Thence N 13°02'49" W a distance of 517.51 feet;

Thence N 35°03'13" W a distance of 505.19 feet;

Thence N 36°27'29" E a distance of 165.00 feet to the POINT OF BEGINNING;

Thence the following forty-seven (47) courses:

1. N 04°18'56" W a distance of 375.20 feet;
2. S 83°02'41" E a distance of 884.94 feet;
3. N 68°04'56" E a distance of 166.02 feet;
4. N 29°36'50" W a distance of 293.10 feet;
5. N 48°19'12" W a distance of 309.15 feet;
6. N 37°16'51" W a distance of 165.53 feet;
7. N 21°35'55" E a distance of 197.83 feet;
8. N 32°23'52" W a distance of 380.00 feet;
9. N 07°57'18" W a distance of 510.19 feet;
10. N 06°00'24" W a distance of 514.41 feet;
11. N 78°32'26" E a distance of 203.90 feet;
12. N 14°32'45" W a distance of 218.48 feet;
13. N 44°52'31" W a distance of 237.51 feet;
14. N 61°47'37" W a distance of 406.93 feet;
15. N 64°50'52" W a distance of 364.92 feet to a point of non-tangent curve;
16. along said curve to the left the center of which bears S 44°42'06" E, having a radius of 939.38 feet a central angle 02°55'47" an arc distance of 48.03 feet to a point of tangent;
17. S 42°22'07" W, along said tangent, a distance of 350.77 feet;
18. N 47°37'53" W a distance of 240.00 feet;
19. N 72°57'02" W a distance of 522.44 feet;

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20. S 86°42'59" W a distance of 459.92 feet;
21. N 01°18'11" E a distance of 557.13 feet;
22. S 71°38'15" E a distance of 846.01 feet;
23. S 86°20'57" E a distance of 416.88 feet;
24. S 50°55'30" E a distance of 158.28 feet;
25. S 83°21'56" E a distance of 114.88 feet to a point of non-tangent curve;
26. along said curve to the right the center of which bears S 36°18'51" E, having a radius of 1009.38 feet a central angle of 11°48'24" an arc distance of 208.00 feet;
27. S 24°30'28" E a distance of 70.00 feet;
28. S 70°09'20" E a distance of 670.10 feet;
29. S 66°37'25" E a distance of 243.10 feet;
30. S 17°24'03" E a distance of 609.86 feet;
31. S 17°22'28" E a distance of 168.09 feet;
32. S 00°36'58" W a distance of 400.65 feet;
33. S 70°53'00" W a distance of 208.05 feet;
34. S 08°08'27" E a distance of 292.96 feet;
35. S 32°38'05" E a distance of 372.70 feet;
36. S 26°58'56" E a distance of 99.14 feet;
37. S 03°11'34" W a distance of 219.64 feet;
38. S 44°13'43" E a distance of 528.18 feet;
39. S 70°16'14" E a distance of 183.62 feet;
40. S 87°48'29" E a distance of 32.60 feet to a point of non-tangent curve;
41. along said curve to the left the center of which bears S 87°48'29" E, having a radius of 780.00 feet a central angle of 02°40'48" an arc distance of 36.48 feet to a point of tangent;
42. S 00°29'18" E, along said tangent, a distance of 62.35 feet to a point of curve;
43. along said curve to the right having a radius of 710.00 feet a central angle of 52°05'43" an arc distance of 645.56 feet to a point of tangent;
44. S 51°36'25" W, along said tangent, a distance of 30.82 feet;
45. N 38°23'35" W a distance of 169.17 feet;
46. S 85°19'20" W a distance of 566.54 feet;
47. N 81°59'52" W a distance of 609.79 feet to the POINT OF BEGINNING;

Containing 63.41 acres, more or less.

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A part of Section 19, T. 4 S., R. 65 W., and a part of the Northeast 1/4 of Section 24, T. 4 S., R. 66 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows:

Commencing at the Southeast corner of said Section 19;

Thence S 89°36'38" W, along the South line of said Section 19, a distance of 2135.18 feet;

Thence N 13°02'49" W a distance of 71.74 feet to the POINT OF BEGINNING;

Thence the following sixty-two (62) courses:

1. S 89°36'38" W a distance of 421.61 feet;
2. N 14°56'31" W a distance of 480.00 feet;
3. N 38°04'25" W a distance of 306.39 feet;
4. S 89°36'25" W a distance of 170.00 feet;
5. S 22°03'58" W a distance of 765.13 feet;
6. S 89°36'25" W a distance of 510.57 feet;
7. N 31°05'56" E a distance of 470.61 feet;
8. N 24°12'15" W a distance of 251.78 feet;
9. N 08°42'12" W a distance of 284.04 feet;
10. N 82°38'20" W a distance of 513.09 feet;
11. N 19°27'57" W a distance of 166.93 feet;
12. N 14°50'01" E a distance of 57.52 feet;
13. N 46°29'00" E a distance of 90.25 feet;
14. N 18°47'42" W a distance of 258.79 feet;
15. N 00°00'00" E a distance of 137.53 feet;
16. N 48°59'02" W a distance of 279.08 feet;
17. S 42°21'55" W a distance of 74.52 feet;
18. S 08°11'42" E a distance of 127.59 feet;
19. S 10°41'55" W a distance of 517.78 feet to a point of non-tangent curve;
20. along said curve to the left the center of which bears S 04°56'31" W, having a radius of 780.00 feet a central angle of 13°05'49" an arc distance of 178.30 feet to a point of reverse curve;
21. along said curve to the right having a radius of 30.00 feet a central angle of 89°00'34" an arc distance of 46.61 feet to a point of tangent;
22. N 09°08'45" W, along said tangent, a distance of 70.12 feet;
23. N 80°51'15" E a distance of 44.24 feet;
24. N 50°48'28" E a distance of 143.17 feet;
25. N 01°08'08" W a distance of 182.00 feet;

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26. N 20°18'53" E a distance of 165.12 feet;
27. N 21°25'37" W a distance of 97.56 feet;
28. S 68°34'23" W a distance of 90.00 feet;
29. N 67°03'42" W a distance of 128.23 feet;
30. N 28°41'33" W a distance of 156.64 feet;
31. S 71°41'34" W a distance of 155.33 feet to a point of non-tangent curve;
32. along said curve to the right the center of which bears N 71°41'34" E, having a radius of 715.00 feet a central angle of 08°56'07" an arc distance of 111.50 feet to a point of reverse curve;
33. along said curve to the left having a radius of 3985.00 feet a central angle of 02°06'31" an arc distance of 146.67 feet;
34. N 78°31'10" E a distance of 171.46 feet;
35. N 07°03'41" E a distance of 355.92 feet;
36. N 27°01'53" W a distance of 354.71 feet;
37. N 37°09'48" W a distance of 562.68 feet;
38. S 64°45'38" W a distance of 120.06 feet to a point of non-tangent curve;
39. along said curve to the right the center of which bears N 64°45'38" E, having a radius of 715.00 feet a central angle of 09°53'37" an arc distance of 123.46 feet;
40. N 74°39'15" E a distance of 138.64 feet;
41. N 48°10'11" E a distance of 622.09 feet;
42. N 31°37'10" E a distance of 710.97 feet;
43. N 00°56'58" E a distance of 780.76 feet;
44. N 89°57'14" E a distance of 420.56 feet;
45. S 06°42'21" W a distance of 404.82 feet;
46. S 01°18'11" W a distance of 557.13 feet;
47. S 41°53'36" W a distance of 951.11 feet to a point of non-tangent curve;
48. along said curve to the left the center of which bears N 38°37'52" E, having a radius of 710.00 feet a central angle of 26°47'12" an arc distance of 331.94 feet;
49. S 11°50'40" W a distance of 296.26 feet;
50. S 23°17'03" E a distance of 860.00 feet;
51. S 70°10'44" E a distance of 372.38 feet;
52. S 35°07'35" E a distance of 950.00 feet;
53. S 53°10'31" E a distance of 121.55 feet to a point of non-tangent curve;

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54. along said curve to the left the center of which bears
N 53°10'31" W, having a radius of 830.00 feet a central angle
of 84°16'42" an arc distance of 1220.88 feet;
55. N 43°03'06" E a distance of 52.33 feet;
56. N 60°25'14" E a distance of 707.11 feet;
57. S 18°31'27" E a distance of 697.40 feet;
58. S 08°17'34" E a distance of 769.82 feet;
59. S 04°18'56" E a distance of 375.20 feet;
60. S 36°27'29" W a distance of 165.00 feet;
61. S 35°03'15" E a distance of 505.19 feet;
62. S 13°02'49" E a distance of 445.77 feet to the POINT OF
BEGINNING;

Containing 115.22 acres, more or less.

Any portion of a Tract of land as described in Book 1896 at Page
92 of the Arapahoe County Clerk and Recorders records;

Containing 2.27 acres, more or less.

The Southerly 208.72 feet of the Westerly 523.55 feet of Section
19, T. 4 S., R. 65 W., of the 6th P.M., city of Aurora, County of
Arapahoe, State of Colorado;

Containing 2.50 acres, more or less.

Resulting in a net area of 693 acres, more or less.

Paul D. Nelson, Jr., L.S # 11330

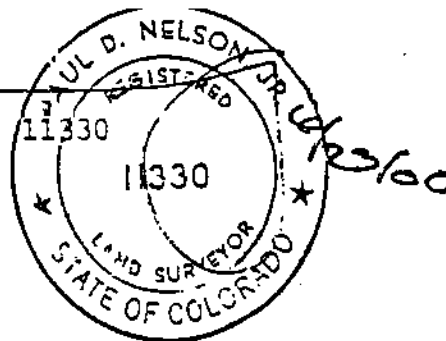


EXHIBIT C
Aurora Vicinity Map
[NO CHANGE]

AMENDED EXHIBIT D
Boundary Map
(D-1 and D-2)

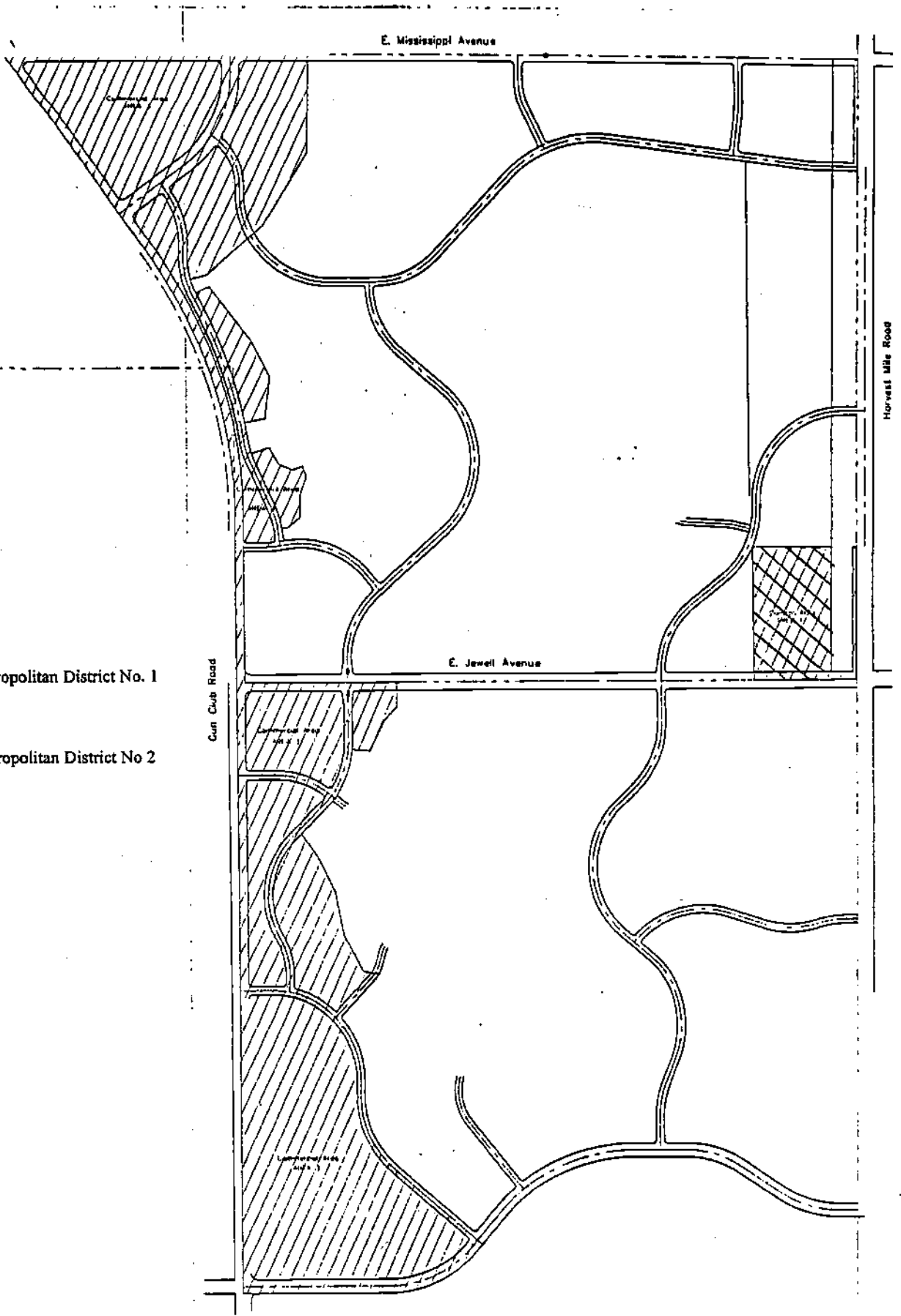
AMENDED EXHIBIT D-1
MURPHY CREEK METROPOLITAN DISTRICT NOS. 1 AND 2

Legend

Murphy Creek Metropolitan District No. 1



Murphy Creek Metropolitan District No 2



AMENDED EXHIBIT D-2
MURPHY CREEK METROPOLITAN DISTRICT NO. 3

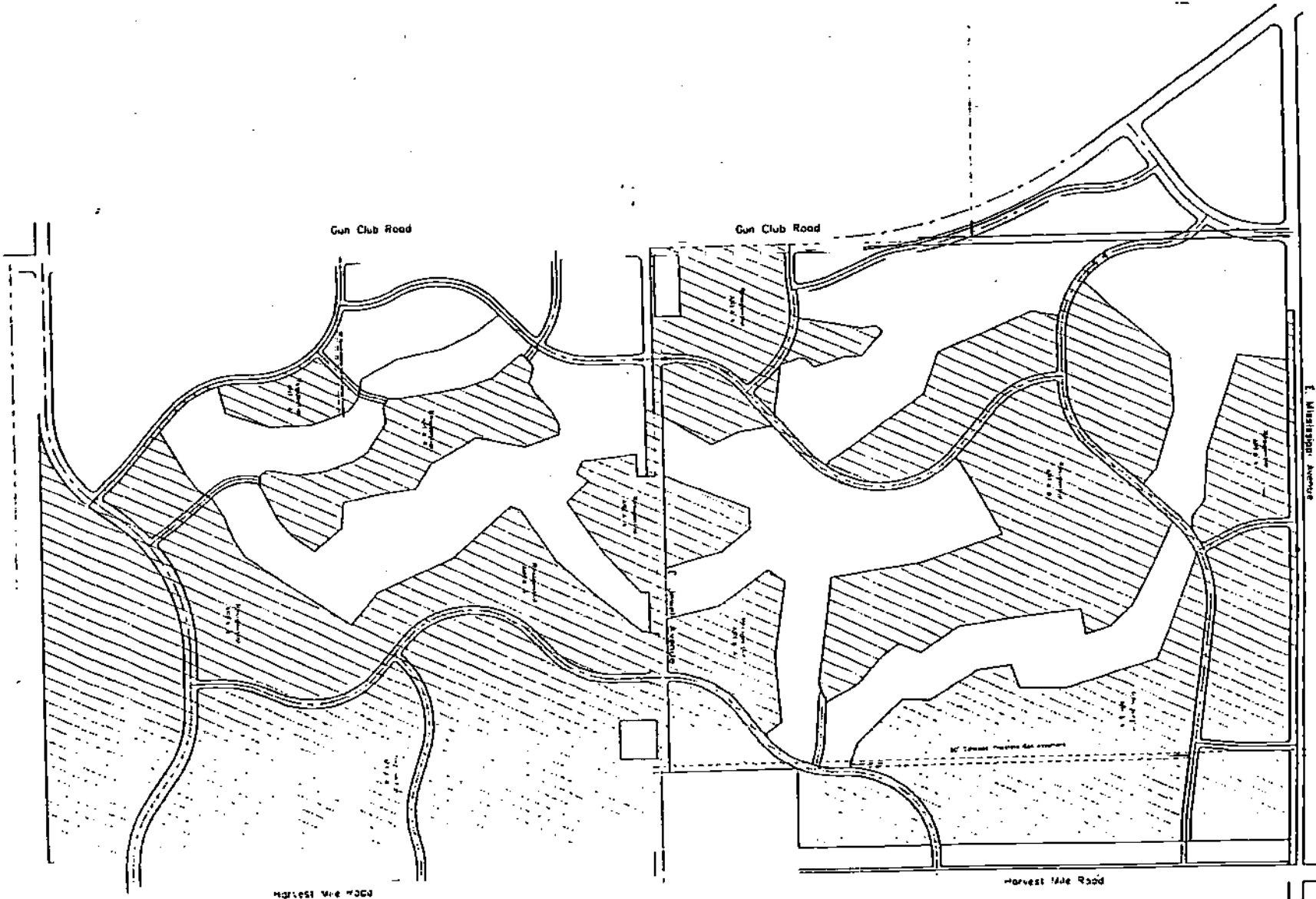


EXHIBIT E
Statutory Contents of Service Plan
[UNCHANGED]

AMENDED EXHIBIT F
Facilities Diagrams
[UNCHANGED]

AMENDED EXHIBIT G
Estimated Capital Costs

AMENDED EXHIBIT H
Financing Plan

**RESIDENTIAL & COMMERCIAL COST ESTIMATES FOR
MURPHY CREEK METROPOLITAN DISTRICTS
SERVICE PLAN
11-Jan-02**

PHASE I - Work to be completed with development in 2001

	Quantity	Unit Cost	Cost
Roads			
Road A (S. DeQuesne St.)	750	144.50	108,375.00
*Road B (S. Grand Baker St.)	750	144.50	108,375.00
*Road C (E. Louisiana Pkwy.)	5690	144.50	822,205.00
Road E (S. Old Tom Morris Rd.)	4050	144.50	585,225.00
Road F (S. Flatrock Tr.)	3150	144.50	455,175.00
Jewell Ave. (3 lanes No. side)	1000	135.50	135,500.00
*Misc. Cost	14390	12.00	172,680.00
Misc. Cost	1000	6.00	6,000.00
Sanitary Sewer			
*18" in Streets (675' Gun Club Connector & 2550' in C)	3225	43.00	138,675.00
12" Offsite (in Filing 1)	2025	35.00	70,875.00
12" Offsite (E. of hole 9)	1275	35.00	44,625.00
12" in Street (690' in E/ 900 in E)	1590	35.00	55,650.00
15" in C	3330	36.00	119,880.00
*8" in C	450	31.00	13,950.00
10" Offsite (So. of C)	1398	33.00	46,134.00
8" Offsite (So. of C)	1950	31.00	60,450.00
8" in F	1200	31.00	37,200.00
12" in Jewell	150	35.00	5,250.00
8" in Mississippi	1200	31.00	37,200.00
Sewer Underdrain for above	17793	13.00	231,309.00
Dewatering cost	1s	150,000.00	150,000.00
Water Main			
8" in A	850	31.50	26,775.00
12" in C	6730	37.00	249,010.00
8" in E	4050	31.50	127,575.00
8" in F	3230	31.50	101,745.00
*8" in Mississippi	2400	31.50	75,600.00
16" in Harvest Mile (@ 12" cost)	2100	37.00	77,700.00

	Quantity	Unit Cost	Cost
*30" in Jewell (@ 12" cost)	4310	37.00	159,470.00
*16" in GCC (@ 12" cost)	650	37.00	24,050.00
Storm Sewer & Box Culverts			
3-10'x10' Box Culvert in E	1	180,000.00	180,000.00
18" RCP in E	125	72.00	9,000.00
1-9'x6' Box Culvert in C	1	54,000.00	54,000.00
1-8'x6' Box Culvert in C	1	52,000.00	52,000.00
30" RCP in C	450	85.00	38,250.00
36" RCP in C	90	95.50	8,595.00
48" RCP in C	90	122.00	10,980.00
54" RCP in C	90	140.00	12,600.00
54" RCP in B	1000	140.00	140,000.00
*72" RCP in B	150	205.00	30,750.00
*72" RCP in Hvst Mile (C)	90	205.00	18,450.00
48" RCP in F	90	120.00	10,800.00
2- 5'x5' Box in F	1	90,000.00	90,000.00
Dewatering Boxes	ls	100,000.00	100,000.00
Rip Rap for Boxes	ls	87,500.00	87,500.00
Trail System			
Trail along Roads C&E	2850	23.00	65,550.00
Monumentation			
Entry Monument	4	8,500.00	34,000.00
Added Cost for Main Entry	1	50,000.00	50,000.00
Golf Course Crossings	1	296,906.00	296,906.00
			5,536,039.00
		Contingency @ 40%	2,214,415.60
		Const. Mgt. @ 3.5%	193,761.37
TOTAL PHASE I		\$	7,944,215.97

1. * Indicates items that a portion of whose cost will be a reimbursement from the commercial development.

PHASE II - Work to be completed for the development in 2002

	Quantity	Unit Cost	Cost
Roads			
* Jewell (3 lanes No. Side)	3250	135.50	440,375.00
*Misc. Cost	3250	6.00	19,500.00
*Jewell Traffic Light	1s	200,000.00	200,000.00
Storm Sewer & Box Culverts			
3-10'x10' Box Culvert in Jewell	1	306,000.00	306,000.00
Rip Rap for Box	1s	67,500.00	67,500.00
Dewatering box	1s	100,000.00	100,000.00
	Quantity	Unit Cost	Cost
Golf Course Fence			
Golf Course Fence (N)	11475	10.00	114,750.00
Club House. Swimming Pool, and Tennis Courts			
HOA Park 3.5 Ac.	1	500,000.00	500,000.00
Landscaping North of Jewell	1s	350,000.00	350,000.00
			750,000.00
			2,848,125.00
		Contingency @ 40%	1,139,250.00
		Const. Mgt. @ 3.5%	99,684.38
TOTAL PHASE II			\$ 4,087,059.38

PHASE III - Work to complete for development in year 2002

	Quantity	Unit Cost	Cost
Roads			
Gun Club Rd.	900	162.50	146,250.00
*Road G (E. Montana Pl.)	1275	144.50	184,237.50
Road K (S. Flatrock Tr.)	4275	144.50	617,737.50
Road L (E. Warren Pl.)	1950	144.50	281,775.00
*Misc. Cost	8400	12.00	100,800.00
# (Murphy Creek East)			
Harvest Mile Rd (So.)	5280	106.50	562,320.00
Misc. Cost	5280	6.00	31,680.00
Road L (E. Warren Pl.)	1400	144.50	202,300.00
*Misc. Cost	1400	12.00	16,800.00

Sanitary Sewer	Quantity	Unit Cost	Cost
12" in G	975	35.00	34,125.00
8" in G	300	31.00	9,300.00
*12" in Mississippi	300	35.00	10,500.00
*12" in GCC	375	35.00	13,125.00
*12" in Offsite	900	35.00	31,500.00
*12" in D	3100	35.00	108,500.00
*8" in GCC	360	31.00	11,160.00
12" Offsite (S)	1125	35.00	39,375.00
10" Offsite (S)	2625	33.00	86,625.00
8" Offsite (S)	4550	31.00	141,050.00
8" in I	2820	31.00	87,420.00
8" in J	750	31.00	23,250.00
Sewer Underdrain for Above	18180	13.00	236,340.00
Dewatering Sewer	1s	150,000.00	150,000.00
# (Murphy Creek East)			
8" in L	1400	31.00	43,400.00
8" in Yale	1400	31.00	43,400.00
Sewer Underdrain for above	2800	13.00	36,400.00
Water Main			
8" in G	1030	31.50	32,445.00
8" in K	4350	31.50	137,025.00
8" in L	1950	31.50	61,425.00
*8" in I	2820	31.50	88,830.00
*8" in J	3110	31.50	97,965.00
12" in Yale	2220	37.00	82,140.00
12" in Gun Club Rd	900	37.00	33,300.00
# (Murphy Creek East)			
8" in L	1400	31.50	44,100.00
12" in Yale	1400	37.00	51,800.00
16" Harvest Mile Rd. @ 12"	5000	37.00	185,000.00
Storm Sewer & Box Culverts			
2-6'x6' Box Culvert in G	1	95,000.00	95,000.00
54" RCP in K	90	140.00	12,600.00
42" RCP in K	90	112.00	10,080.00
60 RCP in K	180	160.00	28,800.00
*54" RCP in I	1800	140.00	252,000.00
*2-7'x7' Box Culvert in J	1	127,000.00	127,000.00
3-10'x10' Box Culvert in Yale	1	241,500.00	241,500.00

	Quantity	Unit Cost	Cost
2-7'x7' Box Culvert in Yale	1	147,000.00	147,000.00
Dewatering Boxes	ls	150,000.00	150,000.00
Rip Rap for Boxes	ls	127,000.00	127,000.00
Trail System & Fence			
Golf Course Fence (S)	4875	10.00	48,750.00
Golf Course Fence (N)	8550	10.00	85,500.00
Trails (N)	3825	23.00	87,975.00
Landscaping (South of Jewell)	ls	750,000.00	750,000.00
Monumentation			
Entry Monument	2	8,500.00	17,000.00
Add for Main Entry	ls	50,000.00	50,000.00
			6,293,605.00
		Contingency @ 40%	2,517,442.00
		Const. Mgt. @ 3.5%	220,276.18
TOTAL PHASE III			\$ 9,031,323.18

Phase IV - Work to be completed for development in 2003

	Quantity	Unit Cost	Cost
Roads			
*Road I (S. Old Tom Morris Rd)	2775	144.50	400,987.50
*Road J (S. Addison Wy.)	3150	144.50	455,175.00
Yale (pave 3 lanes only)	2200	109.00	239,800.00
Misc. Cost	5925	12.00	71,100.00
Misc. Cost	2200	6.00	13,200.00
# (East Murphy Creek)			
Yale (pave 3 lanes only)	1400	109.00	152,600.00
Misc. Cost	1400	6.00	8,400.00
*Addison Traffic Light	ls	150,000.00	150,000.00
Sanitary Sewer			
8" Offsite (so.)	4650	31.00	144,150.00
Underdrain for Above	4650	13.00	60,450.00
Dewatering Sewer	ls	50,000.00	50,000.00
			1,745,862.50
		Contingency @ 40%	698,345.00
		Const. Mgt. @ 3.5%	61,105.19
TOTAL PHASE IV			\$ 2,505,312.69

Phase V - Work to be completed for the development in 2004

	Quantity	Unit Cost	Cost
Roads			
**Yale (pave 3 lanes only)	2100	109.00	228,900.00
*Misc. Cost	2100	6.00	12,600.00
Water Main			
12" in Yale	2200	37.00	81,400.00
			322,900.00
		Contingency @ 40%	129,160.00
		Const. Mgt. @ 3.5%	11,301.50
TOTAL PHASE V			\$ 463,361.50

Phase VI - Costs for work to complete development in 2004

	Quantity	Unit Cost	Cost
Roads			
Yale (3 lanes to complete)	4300	109.00	468,700.00
Misc. Cost	4300	6.00	25,800.00
# (Murphy Creek East)			
Yale (3 lanes to complete)	1400	109.00	152,600.00
Misc. Cost	1400	6.00	8,400.00
Yale Traffic Light	1s	150,000.00	150,000.00
Trail System & Fence			
Trails (S)	6225	23.00	143,175.00
Golf Course Fence (S)	11450	10.00	114,500.00
			1,063,175.00
		Contingency @ 40%	425,270.00
		Const. Mgt. @ 3.5%	37,211.13
TOTAL PHASE VI			\$ 1,525,656.13

Phase VII - Work to be completed for development in 2005

	Quantity	Unit Cost	Cost
Roads			
Mississippi (1/2)	4575	126.75	579,881.25
Misc. Cost	4575	6.00	27,450.00

	Quantity	Unit Cost	Cost
*Gun Club Connector (GCC 1/2)	1575	98.75	155,531.25
*Misc. Cost	1575	6.00	9,450.00
*Road C (S. Louisiana Pkwy.)	910	144.50	131,495.00
*Misc. Cost	910	12.00	10,920.00
*Jewell Ave (complete So side)	5250	135.50	711,375.00
*Misc. Cost	5250	6.00	31,500.00
Road H (E. Asbury Pl.)	750	144.50	108,375.00
Misc. Cost (all)	750	12.00	9,000.00
 Water Main			
*16" in GCC (@ 12" cost)	1090	37.00	40,330.00
12" in Jewell (30" main line)	1000	37.00	37,000.00
 Storm Sewer & Box Culverts			
*2-5'x5' Box Culvert in Jewell	1	153,000.00	153,000.00
Dewatering box	1s	50,000.00	50,000.00
Rip Rap for Box	1s	20,000.00	20,000.00
			2,075,307.50
		Contingency @ 40%	830,123.00
		Const. Mgt. @ 3.5%	1,750.00
TOTAL PHASE VII			\$ 2,977,180.50

TOTAL RESIDENTIAL COST

	No. Cost	So. Cost	Total Cost
PHASE I	7,944,215.97	-	7,944,215.97
PHASE II	2,958,073.13	1,128,986.25	4,087,059.38
PHASE III	1,558,478.17	7,472,854.01	9,031,323.18
PHASE IV	-	2,505,312.69	2,505,312.69
PHASE V	-	463,361.50	463,361.50
PHASE VI	-	1,525,656.13	1,525,656.13
PHASE VII	1,527,471.75	1,449,708.75	2,977,180.50
TOTAL	13,988,239.02	\$ 14,545,879.33	\$ 28,534,109.35
*Less Commercial Dev. Costs	1,864,038.09	3,179,979.73	5,044,017.82
Residential Costs	12,124,200.93	\$ 11,365,899.60	\$ 23,490,091.53

**COMMERCIAL COST ESTIMATE FOR
MURPHY CREEK METROPOLITAN DISTRICTS
SERVICE PLAN
11-Jan-02**

Phase I - 2001

	Quantity	Unit Cost	Cost
Road B (1/2) (S. Grand Baker St)	750	72.25	54,187.50
Road C (900') (Louisiana Pkwy)	900	72.25	65,025.00
Misc. Cost	1650	6.00	9,900.00
Sanitary Sewer			
18" in GCC (all)	675	43.00	29,025.00
18" in C (1/2)	980	21.50	21,070.00
8" in C	450	15.50	6,975.00
Underdrain for Above	2105	13.00	27,365.00
Dewater Sewer	ls	10,000.00	10,000.00
Water Main			
30" in Jewell @ 12' cost (1/2)	970	18.50	17,945.00
8" in C	900	15.75	14,175.00
Storm Sewer & Box Culverts			
72" RCP in B (1/2)	150	102.50	15,375.00
72" RCP-Harvest Mile Rd (1/2)	90	102.50	9,225.00
TOTAL PHASE I			\$ 280,267.50

Phase II - 2002

	Quantity	Unit Cost	Cost
Roads			
Jewell (all)	1000	135.50	135,500.00
Misc. Cost	1000	6.00	6,000.00
Jewell Traffic Light	ls	100,000.00	100,000.00
TOTAL PHASE II			\$ 241,500.00

Phase III - 2002

	Quantity	Unit Cost	Cost
Roads			
Road G (1/2) (E. Montana Pl)	300	72.25	21,675.00
Misc. Cost (1/2)	300	6.00	1,800.00

	Quantity	Unit Cost	Cost
Sanitary Sewer			
8" in I (1/2)	2820	15.25	43,005.00
12" in Mississippi (1/2)	300	17.50	5,250.00
12" in GCC (all)	375	35.00	13,125.00
12" Offsite (all)	900	35.00	31,500.00
8" in GCC (all)	360	31.00	11,160.00
12' in D (all) (Gun Club Ct.)	3100	35.00	108,500.00
Underdrain for Sewer	7855	13.00	102,115.00
Dewatering Sewer	ls	15,000.00	15,000.00

Water Main			
8" in I (1/2) (Old Tom Morris)	2820	15.75	44,415.00
8" in J (S. Addison Way)	3110	15.75	48,982.50

<u>Storm Sewer & Box Culverts</u>			
54"RCP in Road I	1800	160.00	288,000.00
2-7'x7' Box Culvert in J	1	127,000.00	127,000.00
Dewater Box	ls	25,000.00	25,000.00
Rip Rap for Box	ls	20,000.00	20,000.00
TOTAL PHASE III			\$ 883,052.50

Phase IV - 2003

	Quantity	Unit Cost	Cost
Roads			
Road I (all) (Old Tom Morris)	1500	144.50	216,750.00
Road I (1/2) (Old Tom Morris)	1275	72.25	92,118.75
Road J (all) (So. Addison Way)	300	144.50	43,350.00
Road J (1/2) (So. Addison Way)	2850	72.25	205,912.50
Misc. Cost (all)	1800	12.00	21,600.00
Misc. Cost (1/2)	4125	6.00	24,750.00
Addison Traffic Light	ls	75,000.00	75,000.00
TOTAL PHASE IV			\$ 679,481.25

Phase V - 2004

	Quantity	Unit Cost	Cost
Roads			
Yale (pave 3 lanes only)	2100	109.00	228,900.00
Misc. Cost (1/2)	2100	6.00	12,600.00

	Quantity	Unit Cost	Cost
Water Main			
*12" in Yale	2100	37.00	77,700.00
TOTAL PHASE V			\$ 319,200.00

Phase VI - 2004

	Quantity	Unit Cost	Cost
Yale (3 lanes to complete)	2100	109.00	228,900.00
Misc. Cost	2100	6.00	12,600.00
Yale Traffic Light	ls	75,000.00	75,000.00
TOTAL PHASE VI			\$ 316,500.00

Phase VII - 2005

	Quantity	Unit Cost	Cost
Roads			
Gun Club Connector (GCC all)	975	98.75	96,281.25
Misc. Cost (all)	975	6.00	5,850.00
Road C (1/2) (S. Old Tom Mor)	910	72.25	65,747.50
Misc. Cost (1/2)	910	6.00	5,460.00
Road H (all) (E. Asbury Pl.)	750	144.50	108,375.00
Misc. Cost (all)	750	12.00	9,000.00
Jewell Ave (all)	1300	135.50	176,150.00
Misc. Cost (all)	1300	6.00	7,800.00
Gun Club Connector Traffic Lgt	ls	150,000.00	150,000.00
Water Main			
16' in GCC (all)	1090	37.00	40,330.00
12" in Jewell (1/2)	1000	18.50	18,500.00
Storm Sewer & Box Culverts			
*2-5'x5' Box Culvert in Jewell	1	76,500.00	76,500.00
Dewater Box	ls	25,000.00	25,000.00
Rip Rap for Box	ls	10,000.00	10,000.00
TOTAL PHASE VII			\$ 794,993.75

COMMERCIAL COST BREAKDOWN

	No. Cost	So. Cost	Total Cost
PHASE I	262,322.50	17,945.00	280,267.50
PHASE II	-	241,500.00	241,500.00
PHASE III	244,990.00	638,062.50	883,052.50
PHASE IV	-	679,481.25	679,481.25
PHASE V	-	319,200.00	319,200.00
PHASE VI	316,500.00	-	316,500.00
PHASE VII	475,168.75	319,825.00	794,993.75
TOTAL	1,298,981.25	2,216,013.75	\$ 3,514,995.00
Contingency @ 40%	519,592.50	886,405.50	1,405,998.00
Const. Mgt. @ 3.5%	45,464.34	77,560.48	123,024.82
TOTAL	\$ 1,864,038.09	\$ 3,179,979.73	\$ 5,044,017.82

TOTAL RESIDENTIAL COSTS	\$ 23,490,091.53
TOTAL COMMERCIAL COSTS	\$ 5,044,017.82
TOTAL RESIDENTIAL AND COMMERCIAL COSTS	\$ 28,534,109.35

**REMAINING COMMERCIAL PHASING TO COMPLETE
MURPHY CREEK METROPOLITAN DISTRICTS
SERVICE PLAN**

Phase VIII - Development of Northwest Corner Commercial Area - 2008

	Quantity	Unit Cost	Cost
Roads			
Gun Club	2500	162.50	406,250.00
Road D	900	144.50	130,050.00
Gun Club Connector (complete)	1575	98.75	155,531.25
Misc. Cost (all)	900	12.00	10,800.00
Misc. Cost (1/2)	4075	6.00	24,450.00
Water Main			
8" in GCC	1740	31.50	54,810.00
8" in D	1000	31.50	31,500.00
12" in Gun Club Rd (42" line)	2500	37.00	92,500.00
Storm Sewer & Box Culvert			
3-10'x10' Box Culvert in GCC	1	252,000.00	252,000.00
2-7'x7' Box Culvert in GCC	1	147,000.00	147,000.00
24" RCP in GCC	510	78.00	39,780.00
48" RCP in Gun Club	300	122.00	36,600.00

	Quantity	Unit Cost	Cost
Trail System & Fence			
Golf Course Fence (N)	2200	10.00	22,000.00
TOTAL PHASE VIII		\$	1,403,271.25

Phase IX - Completion of Commercial Development on North Half Along Gun Club-2010

	Quantity	Unit Cost	Cost
Roads			
Gun Club Road	2450	162.50	398,125.00
Road D	2200	144.50	317,900.00
Misc. Costs (all)	2200	12.00	26,400.00
Misc. Costs (1/2)	2450	6.00	14,700.00
Water Main			
*12" in Gun Club (42" main line)	2450	37.00	90,650.00
8" in D	2200	31.50	69,300.00
Storm Sewer & Box Culvert			
24" RCP in D	90	78.00	7,020.00
Trail System & Fence			
Golf Course Fence(N)	2525	10.00	25,250.00
TOTAL PHASE IX		\$	949,345.00

Phase X - Development of Commercial Area on Northwest Corner of South Half-2014

	Quantity	Unit Cost	Cost
Roads			
Gun Club	825	162.50	134,062.50
Misc. Costs	825	6.00	4,950.00
Water Main			
12" in Gun Club (42")	825	37.00	30,525.00
Trail System & Fence			
Golf Course Fence(S)	750	10.00	7,500.00
TOTAL PHASE X		\$	177,037.50

Phase XI - Development of Commercial Area Center Portion of South Half-2016

	Quantity	Unit Cost	Cost
Roads			
Gun Club	1800	162.50	292,500.00
Misc. Costs (1/2)	1800	6.00	10,800.00
	Quantity	Unit Cost	Cost
Water Main			
12" in Gun Club (42")	1800	37.00	66,600.00
TOTAL PHASE XI		\$	369,900.00

Phase XII - Development of Commercial Area on Southwest Corner of South Half-2018

	Quantity	Unit Cost	Cost
Roads			
Gun Club	2375	162.50	385,937.50
Misc. Costs (1/2)	2375	6.00	14,250.00
Water Main			
12" in Gun Club (42")	2375	37.00	87,875.00
TOTAL PHASE XII		\$	488,062.50

Phase XIII - Development of Commercial Area on Southeast Corner of North Half- 2020

	Quantity	Unit Cost	Cost
Roads			
Jewell Ave. (Complete)	1000	135.50	135,500.00
Misc. Costs (1/2)	1000	6.00	6,000.00
Harvest Mile Rd (1/2)	5280	106.50	562,320.00
*Misc. Cost	5280	6.00	31,680.00
Mississippi (1/2)	900	126.75	114,075.00
*Misc. Cost	900	6.00	5,400.00
Storm Sewer & Box Culvert			
*Open Ditch in Harvest Mile	5280	2.50	13,200.00
*72" RCP in Mississippi	260	205.00	53,300.00
TOTAL PHASE XIII		\$	921,475.00

TOTAL COMMERCIAL COSTS

	No. Cost	So. Cost	
PHASE VIII	1,403,271.25	-	1,403,271.25
PHASE IX	949,345.00	-	949,345.00
PHASE X	-	177,037.50	177,037.50
PHASE XI	-	369,900.00	369,900.00
PHASE XII	-	488,062.50	488,062.50
PHASE XIII	921,475.00	-	921,475.00
	\$ 3,274,091.25	\$ 1,035,000.00	\$ 4,309,091.25
Contingency @ 40%	1,309,636.50	414,000.00	1,723,636.50
Const. Mgt. @ 3.5%	114,593.19	36,225.00	150,818.19
TOTAL	\$ 4,698,320.94	\$ 1,485,225.00	\$ 6,183,545.94

TOTAL RESIDENTIAL/COMMERCIAL COSTS	28,534,109.35
TOTAL COMMERCIAL COSTS	6,183,545.94
TOTAL RESIDENTIAL AND COMMERCIAL COSTS	\$ 34,717,655.29

**RECAP OF MURPHY CREEK
METRO DISTRICT COST**

METRO DISTRICT #1 - CONTROL DISTRICT	\$ 318,670.78
METRO DISTRICT #2 - COMMERCIAL	
1. Comm/Resid. - north	\$ 1,545,367.31
(less control district cost)	
2. Comm/Resid. - south	3,179,979.73
3. Remaining Comm. - no/so	6,183,545.94
	10,908,892.98
METRO DISTRICT #3 - RESIDENTIAL NORTH	12,124,200.93
METRO DISTRICT #3 - RESIDENTIAL SOUTH	11,365,890.60
	\$ 34,717,655.29

COST BREAKDOWN TO
SIX CATEGORY SUMMARY

	Total from Above Summary	Engineering Costs	TOTAL
ROADS/STORM SEWER	23,345,214.63	3,031,534.78	26,376,749.41
SANITARY SEWER	3,402,769.95	588,473.40	3,991,243.35
WATER MAINS	3,355,273.58	588,473.77	3,943,747.35
PARK AND RECREATION	4,614,397.13	823,862.76	5,438,259.89
TRAFFIC AND SAFETY	250,000.00		250,000.00
TRANSPORTATION	-	-	-
	34,967,655.29	5,032,344.71	40,000,000.00

COST BREAKDOWN PER
DISTRICT IN SIX CATEGORY SUMMARY

	Cost from p. 14	Engineering Costs	Total
DISTRICT # 1	318,670.78	58,847.35	377,518.13
DISTRICT # 2	10,908,892.98	1,883,115.10	12,792,008.08
DISTRICT # 3 (No.) With Traffic and Safety Costs	12,374,200.93	1,704,078.97	14,078,279.90
DISTRICT # 3 (So.)	11,365,890.60	1,386,303.29	12,752,193.89
	34,967,655.29	5,032,344.71	40,000,000.00

**COST TO DEVELOPE INTERNAL
SUBDIVISIONS AT
MURPHY CREEK DEVELOPMENT**

Development Item	<u>Cost</u> <u>(5 Subdivisions)</u>	Total lots	<u>Average Lot Cost</u>
Utility Sleeves	102,900.00		
Sanitary Sewer	1,056,883.00		
Storm Sewer	374,099.00		
Water Mains	1,052,364.00		
Subgrade Prep Conc/Asphalt	255,723.00		
Curb/Gutter/Sidewalk	1,002,513.00		
Asphalt Paving	1,124,474.00		
Fence	477,060.00		
Landscaping	640,594.00		
Permits	110,500.00		
	6,197,110.00	465	\$ 13,327.12
Engineering Costs 10%			
Contingency Cost 20%			
Construction Mgt. Fee 3.5%			
			<hr/> \$ 17,391.89

<u>Filings to be Developed</u>	<u>Number of Lots</u>	<u>Lot Cost</u>	<u>Cost per Subdivision</u>
Filing #1	96	17,400.00	1,670,400.00
Filing #2	106	17,400.00	1,844,400.00
Filing #3	78	17,400.00	1,357,200.00
Filing #4	307	17,400.00	5,341,800.00
Filing #5	153	17,400.00	2,662,200.00
Filing #6	103	17,400.00	1,792,200.00
Filing #7	154	17,400.00	2,679,600.00
Filing #8	205	17,400.00	3,567,000.00
Filing #9	185	17,400.00	3,219,000.00
Filing #10	132	17,400.00	2,296,800.00
Filing #11	86	17,400.00	1,496,400.00
Filing #12	68	17,400.00	1,183,200.00
			\$ 29,110,200.00

Parcels to be Developed North of Jewell Ave	Estimated <u>Number of Lots</u>	Lot Cost	<u>Cost per Subdivision</u>
Parcel 3	211	5,750.00	1,213,250.00
Parcel 8	73	5,750.00	419,750.00
Parcel 13	90	5,750.00	517,500.00
Parcel 14	74	5,750.00	425,500.00
Parcel 15	164	5,750.00	943,000.00
Parcel 17	67	5,750.00	385,250.00
Parcel 19	264	5,750.00	1,518,000.00
			\$ 5,422,250.00

Parcels to be Developed South of Jewell Ave.	Estimated <u>Number of Lots</u>	Lot Cost	<u>Cost per Subdivision</u>
Parcel 21	84	5,750.00	483,000.00
Parcel 22	125	5,750.00	718,750.00
Parcel 23	127	5,750.00	730,250.00
Parcel 24	271	5,750.00	1,558,250.00
Parcel 25	38	5,750.00	218,500.00
Parcel 26	132	5,750.00	759,000.00
Parcel 31	146	5,750.00	839,500.00
Parcel 36	196	5,750.00	1,127,000.00
			\$ 6,434,250.00
Cost of Interior Residential Development			\$ 40,966,700.00

Murphy Creek Metropolitan District #2

**Forecasted Statement of Sources
and Uses of Cash**

**For the Years Ending
December 31, 2002 through 2038**

DRAFT



Board of Directors
Murphy Creek Metropolitan District #2

We have compiled the accompanying forecasted statements of sources and uses of cash of the Murphy Creek Metropolitan District #2 and the related forecasted schedules of debt service, absorption, market values and development fees (Schedules 1 to 3) for the years ending December 31, 2002 through 2038, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

January 8, 2002

DRAFT

Murphy Creek Metropolitan District #2

Summary of Significant Assumptions and Accounting Policies December 31, 2002 through 2038

The foregoing forecast presents, to the best of the Petitioner's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects its judgment as of January 8, 2002. The assumptions disclosed herein are those that management believes are sufficient to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material

The purpose of this forecast is to show the amount of funds available for the future construction of infrastructure within the Districts by the issuance of general obligation bonds and subordinate developer advances and the anticipated funds available for repayment of the bonds and advances.

Note 1: Ad Valorem Taxes

Commercial property is assessed at 29% of fair market values. Commercial property is forecasted to have a market value of \$100 per square foot.

Currently property is re-assessed every other year. Existing residential and commercial property is assumed to inflate at 1.0% per annum.

Property is assumed to be assessed annually as of January 1st. Homes are assumed to be assessed on the next January 1st. The forecast recognizes the related property taxes as revenue in the subsequent year.

The County Treasurer currently charges a 1.5% fee for the collection of property taxes. These charges are reflected in the accompanying forecast as Treasurers fees.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 10% of property taxes collected.

The mill levy imposed by the Districts is proposed to be 40.000 mills of which up to 5.000 mills is to cover a portion of the operating expenses and the balance of 35.000 is restricted for debt service. The forecast estimates that the operating mill levy will reduce to 2 mills in 2027 and the debt mill levy will reduce to 20 mills in 2024.

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Murphy Creek Metropolitan District #2

Summary of Significant Assumptions and Accounting Policies December 31, 2002 through 2038

Note 2: Development Fees

The forecast assumes that a development fee in the approximate amount of \$3,000 (2002 rate) will be collected on each equivalent residential unit (EQR) upon the issuance of a building permit. The development fee will increase 5% per annum over the life of the forecast. Schedule 3 reflects the anticipated collection of development fees. All development fees are restricted for the repayment of debt.

Note 3: Interest Income

Interest income is assumed to be earned at 3.5% per annum. Interest income is based on the year's beginning cash balance and an estimate of the timing of the receipt of revenues and the outflow of disbursements during the course of the year.

Note 4: Bond Assumptions

The Districts propose the issuance of limited tax general obligation bonds in 2005 and 2008 in the total amount of \$11,350,000. The bonds will carry coupon rates ranging from 7.5% to 6%, and have a maturity of 30 years. The first issue is assumed to require a reserve requirement of 10%. Issuance costs for all series are forecasted to be \$389,000. Schedule 2 reflects the proposed repayment schedule of these bonds.

Note 5: Operating Expenses

Operating expenses are legal, accounting, audit, and insurance costs. These costs are estimated to be \$50,000 and they inflate at 2.0% per annum.

Note 6: Construction Costs

Construction costs forecasted are to total \$11,227,564.

Note 7: Developer Operating Fund Advances

The developer is expected to advance funds to the District from 2002 through 2012 to cover shortages in available revenues for operating expenses in the amount of \$398,545. Commencing in 2013, it is forecasted that the District will commence repayment of the advances which include interest at the rate of 8.0% per annum. The total amount repaid is forecasted to be \$1,275,835.

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Murphy Creek Metropolitan District #2

Summary of Significant Assumptions and Accounting Policies December 31, 2002 through 2038

Note 8: Subordinate Developer Capital Advances

It is anticipated that the developer will need to advance funds to the District for the payment of capital improvements due to the timing of the capital requirements and the forecasted issuance of the bonds. The developer is anticipated to advance \$3,903,203 to the District through 2004. Upon the issuance of the bonds in 2005 and 2008, it is anticipated that the developer will be repaid the above advances plus interest at 8% per annum for a total repayment of \$5,130,006. Commencing in 2014 the developer will need to advance funds for the capital improvements forecasted to be constructed from 2014 through 2020 in the amount of \$2,628,843. It is anticipated that excess funds in the debt service fund commencing in 2018 will be available to repay the advances with interest at 8% for a total repayment of \$3,126,798.

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Murphy Creek Metropolitan District #2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	Totals	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund													
Beginning cash available	0	0	0	0	0	(0)	0	0	(0)	0	0	(0)	(0)
Revenues													
Property taxes	3,381,502	0	0	0	0	747	15,824	22,080	28,770	29,563	44,637	54,438	77,080
Specific ownership taxes	338,150	0	0	0	0	75	1,592	2,208	2,877	2,958	4,464	5,444	7,708
Developer advances	398,545	50,000	51,000	52,020	53,060	53,323	38,165	32,682	26,651	26,951	11,992	2,701	
	<u>4,118,198</u>	<u>50,000</u>	<u>51,000</u>	<u>52,020</u>	<u>53,060</u>	<u>54,145</u>	<u>55,682</u>	<u>56,970</u>	<u>58,298</u>	<u>59,470</u>	<u>61,093</u>	<u>62,583</u>	<u>84,788</u>
Expenditures													
County treasurer fees	101,445	0	0	0	0	22	478	662	863	887	1,339	1,633	2,312
Repay developer advances	1,275,835												20,306
Operating expenses	2,701,713	50,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	59,755	60,950	62,169
	<u>4,078,993</u>	<u>50,000</u>	<u>51,000</u>	<u>52,020</u>	<u>53,060</u>	<u>54,144</u>	<u>55,682</u>	<u>56,971</u>	<u>58,287</u>	<u>59,470</u>	<u>61,094</u>	<u>62,583</u>	<u>84,787</u>
Ending cash available	<u>39,205</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Mill Levy		5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Capital Projects Fund													
Beginning cash available	0	0	0	0	0	0	0	0	1,541,008	1,541,008	178,698	178,698	178,698
Revenues													
Developer advances	8,532,046	2,015,917	975,058	912,230									
Interest Income	0												
Senior Bond proceeds	11,350,000				4,850,000			8,500,000					
	<u>17,882,046</u>	<u>2,015,917</u>	<u>975,058</u>	<u>912,230</u>	<u>4,850,000</u>	<u>0</u>	<u>0</u>	<u>8,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures													
Issuance costs	389,000	0	0	0	194,000	0	0	195,000					
Transfer to Debt Service for Reserve	1,135,478	0			655,260			480,216					
Repay developer advances	5,130,000				2,858,924			2,270,082					
District improvements	11,227,564	2,015,917	975,058	912,230	1,140,816			2,013,694		1,362,310	0	0	0
	<u>17,882,046</u>	<u>2,015,917</u>	<u>975,056</u>	<u>912,230</u>	<u>4,850,000</u>	<u>0</u>	<u>0</u>	<u>4,958,992</u>	<u>0</u>	<u>1,362,310</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending cash available	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,541,008</u>	<u>1,541,008</u>	<u>178,698</u>	<u>178,698</u>	<u>178,698</u>	<u>178,698</u>

Murphy Creek Metropolitan District #2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2030

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund													
Beginning cash available	(0)	(0)	(0)	(0)	0	0	(0)	(0)	(0)	0	0	0	0
Revenues													
Property taxes	90,542	100,893	123,430	130,298	139,228	157,422	169,382	191,446	191,446	195,275	195,275	199,180	199,180
Specific ownership taxes	9,054	10,089	12,343	13,030	13,923	15,742	16,938	19,145	19,145	19,527	19,527	19,918	19,918
Developer advances													
	<u>99,596</u>	<u>110,982</u>	<u>135,773</u>	<u>143,328</u>	<u>153,151</u>	<u>173,164</u>	<u>186,320</u>	<u>210,591</u>	<u>210,591</u>	<u>214,802</u>	<u>214,802</u>	<u>219,098</u>	<u>219,098</u>
Expenditures													
County treasurer fees	2,716	3,027	3,703	3,909	4,177	4,723	5,081	5,743	5,743	5,858	5,858	5,975	5,975
Repay developer advances	33,468	43,275	66,098	72,125	80,335	98,430	109,826	132,007	130,548	133,161	131,645	134,278	90,334
Operating expenses	63,412	64,680	65,974	67,293	68,839	70,812	71,412	72,841	74,297	75,783	77,299	78,845	80,422
	<u>99,596</u>	<u>110,982</u>	<u>135,773</u>	<u>143,327</u>	<u>153,151</u>	<u>173,165</u>	<u>186,320</u>	<u>210,591</u>	<u>210,590</u>	<u>214,803</u>	<u>214,802</u>	<u>219,098</u>	<u>176,731</u>
Ending cash available	(0)	(0)	(0)	0	0	(0)	(0)	(0)	0	0	0	0	42,368
Mill levy	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Capital Projects Fund													
Beginning cash available	178,898	0	0	0	0	0	0	0	0	0	0	0	0
Revenues													
Developer advances	75,350		530,807		700,369		1,322,317						
Interest income													
Senior Bond proceeds													
	<u>75,350</u>	<u>0</u>	<u>530,807</u>	<u>0</u>	<u>700,369</u>	<u>0</u>	<u>1,322,317</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures													
Insurance costs													
Transfer to Debt Service for Reserve													
Repay developer advances													
District improvements	254,048		530,807		700,369		1,322,317						
	<u>254,048</u>	<u>0</u>	<u>530,807</u>	<u>0</u>	<u>700,369</u>	<u>0</u>	<u>1,322,317</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0	0

Murphy Creek Metropolitan District #2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
General Fund												
Beginning cash available	42,366	47,291	50,575	53,924	55,566	57,241	57,140	57,037	55,066	53,097	49,165	45,195
Revenues												
Property taxes	81,266	81,266	82,891	82,891	84,549	84,549	86,240	86,240	87,964	87,964	89,724	89,724
Specific ownership taxes	8,127	8,127	8,289	8,289	8,455	8,455	8,624	8,624	8,796	8,796	8,972	8,972
Developer advances												
	89,392	89,392	91,180	91,180	93,004	93,004	94,864	94,864	96,761	96,761	98,696	98,696
Expenditures												
County treasurer fees	2,438	2,438	2,487	2,487	2,536	2,536	2,587	2,587	2,639	2,639	2,692	2,692
Repay developer advances												
Operating expenses	82,030	83,671	85,344	87,051	88,792	90,568	92,379	94,227	96,112	98,034	99,994	101,994
	84,468	86,109	87,831	89,538	91,329	93,105	94,967	96,814	98,751	100,673	102,686	104,686
Ending cash available	47,291	50,575	53,924	55,566	57,241	57,140	57,037	55,066	53,097	49,165	45,195	39,205
Levy	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Capital Projects Fund												
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0
Revenues												
Developer advances												
Interest Income												
Senior Bond proceeds												
	0	0	0	0	0	0	0	0	0	0	0	0
Expenditures												
Issuance costs												
Transfer to Debt Service for Reserve												
Repay developer advances												
District improvements												
	0	0	0	0	0	0	0	0	0	0	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0

Murphy Creek Metropolitan District #2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	Totals	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Debt Service Fund</i>													
Beginning cash available	0	0	0	0	13,194	945,988	737,390	642,582	966,274	766,920	476,714	421,364	357,012
Revenues													
Property taxes	24,965,410	0	0	0	0	5,228	111,469	154,561	201,390	208,939	312,462	381,065	539,557
Specific ownership taxes	2,496,541	0	0	0	0	523	11,147	15,456	20,139	20,694	31,246	38,107	53,956
Development fees	4,279,887	0	0	13,194	277,072	116,370	122,169	16,037	303,104	212,173	482,694	311,694	204,681
Transfer from Capital Projects	1,135,476	0			655,260			480,216					
Interest income	1,791,768		0	0	462	33,110	25,809	22,490	33,785	28,642	16,686	14,748	12,495
	<u>34,668,283</u>	<u>0</u>	<u>0</u>	<u>13,194</u>	<u>932,794</u>	<u>165,231</u>	<u>270,614</u>	<u>688,760</u>	<u>568,418</u>	<u>466,648</u>	<u>843,087</u>	<u>745,814</u>	<u>810,689</u>
Expenditures													
Debt service - senior Bonds	27,285,025	0	0	0	0	363,750	363,750	363,750	753,750	763,750	893,750	804,450	896,475
Repay subordinate bonds plus interest	3,126,798						0	0					
County treasurer fees	374,461	0	0	0	0	78	1,672	2,318	3,021	3,104	4,887	5,718	8,093
	<u>30,786,904</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>363,828</u>	<u>365,422</u>	<u>366,068</u>	<u>756,771</u>	<u>766,854</u>	<u>898,437</u>	<u>810,166</u>	<u>903,568</u>
Ending cash available	<u>3,881,378</u>	<u>0</u>	<u>0</u>	<u>13,194</u>	<u>945,988</u>	<u>737,390</u>	<u>642,582</u>	<u>966,274</u>	<u>766,920</u>	<u>476,714</u>	<u>421,364</u>	<u>357,012</u>	<u>264,133</u>
Mill levy		35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Total Mill Levy		40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Assessed valuation (000's)													
Beginning		0	0	0	0	0	149	3,185	4,418	5,754	5,913	8,827	10,888
New construction	35,772			0	0	149	3,032	1,231	1,250	159	2,897	1,960	4,311
Inflation (1.0% per annum)	8,090				0		3		88		118		218
Ending	<u>44,862</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>149</u>	<u>3,185</u>	<u>4,418</u>	<u>5,754</u>	<u>5,913</u>	<u>8,927</u>	<u>10,888</u>	<u>15,416</u>

Murphy Creek Metropolitan District #2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Debt Service Fund													
Beginning cash available	264,133	264,696	338,047	582,274	870,311	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,454,197	1,596,087	1,748,468
Revenues													
Property taxes	633,793	706,250	864,011	912,086	974,597	1,101,953	1,185,874	1,340,122	1,340,122	1,368,924	781,100	786,722	798,722
Specific ownership taxes	63,378	70,625	86,401	91,209	97,468	110,195	118,567	134,012	134,012	136,692	78,110	79,672	79,672
Development fees	558,778	112,830	236,944	422,944	339,599	548,583							
Transfer from Capital Projects													
Interest income	9,245	9,264	11,832	20,380	30,461	35,900	35,000	35,000	35,000	35,000	50,897	65,863	61,126
	1,265,195	898,969	1,199,188	1,446,618	1,442,117	1,795,732	1,339,242	1,509,134	1,509,134	1,538,617	910,106	932,257	937,520
Expenditures													
Debt service - senior Bonds	1,255,125	815,825	942,000	1,144,900	1,058,100	1,284,900	728,600	743,425	740,600	757,025	756,500	769,925	771,325
Repay subordinate bonds plus interest					239,709	494,302	591,857	745,607	748,432	306,891			
County treasurer fees	9,507	10,594	12,960	13,681	14,819	18,529	17,785	20,102	20,102	20,504	11,716	11,951	11,951
	1,264,632	825,819	954,960	1,158,581	1,312,428	1,795,731	1,339,242	1,509,134	1,509,134	1,084,420	768,216	781,876	783,276
Ending cash available	264,696	338,047	582,274	870,311	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,454,197	1,596,087	1,748,468	1,900,712
Mill Levy	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	20,000	20,000	20,000
Local Mill Levy	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	25,000	25,000	25,000
Assessed valuation (000's)													
Beginning	15,418	18,108	20,178	24,686	26,060	27,846	31,484	33,876	38,289	38,289	39,055	39,055	39,838
New construction	2,692	1,788	4,507	880	1,786	3,082	2,392	3,735					
Inflation (1.0% per annum)		362		494		557		678		766		781	
Ending	18,108	20,179	24,686	26,060	27,846	31,484	33,876	38,289	38,289	39,055	39,055	39,836	39,836

Murphy Creek Metropolitan District #2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Debt Service Fund												
Beginning cash available	1,900,712	2,062,669	2,232,844	2,409,978	2,594,993	2,787,672	2,988,369	3,197,813	3,411,337	3,150,498	3,385,181	3,628,865
Revenues												
Property taxes	812,656	812,656	828,909	828,909	845,487	845,487	862,397	862,397	879,645	879,645	897,238	897,238
Specific ownership taxes	81,266	81,266	82,891	82,891	84,549	84,549	86,240	86,240	87,964	87,964	89,724	89,724
Development fees												
Transfer from Capital Projects												
Interest income	66,525	72,193	78,143	84,349	90,825	97,669	104,593	111,923	119,397	110,267	118,481	127,010
	<u>960,446</u>	<u>966,115</u>	<u>989,943</u>	<u>996,149</u>	<u>1,020,661</u>	<u>1,027,605</u>	<u>1,053,230</u>	<u>1,060,560</u>	<u>1,087,006</u>	<u>1,077,877</u>	<u>1,105,443</u>	<u>1,113,972</u>
Expenditures												
Debt service - senior Bonds	786,300	783,950	800,175	798,700	815,500	814,225	830,850	834,100	1,334,650	830,000	848,300	848,000
Repay subordinate bonds plus interest												
County treasurer fees	12,190	12,190	12,434	12,434	12,682	12,682	12,936	12,936	13,195	13,195	13,459	13,459
	<u>798,490</u>	<u>796,140</u>	<u>812,609</u>	<u>811,134</u>	<u>828,182</u>	<u>826,907</u>	<u>843,786</u>	<u>847,036</u>	<u>1,347,845</u>	<u>843,195</u>	<u>861,759</u>	<u>861,459</u>
Ending cash available	2,062,669	2,232,844	2,409,978	2,594,993	2,787,672	2,988,369	3,197,813	3,411,337	3,150,498	3,385,181	3,628,865	3,881,378
Mill levy	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Total Mill Levy	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000
Assessed valuation (000's)												
Beginning	39,836	40,833	40,833	41,445	41,445	42,274	42,274	43,120	43,120	43,982	43,982	44,862
New construction		0	0	0	0	0	0	0	0	0	0	0
Inflation (1.0% per annum)	797		813		829		845		862		880	
Ending	<u>40,633</u>	<u>40,633</u>	<u>41,445</u>	<u>41,445</u>	<u>42,274</u>	<u>42,274</u>	<u>43,120</u>	<u>43,120</u>	<u>43,982</u>	<u>43,982</u>	<u>44,862</u>	<u>44,862</u>

Murphy Creek Metropolitan District #2
Schedule of General Obligation Debt
For the Years Ended December 31, 2002 to 2038

	Issue #1 N/A	Issue #2 Series 2005 7.50%	Issue #3 Series 2008 6.00%	Issue #4 N/A	Issue #5 N/A	Issue #6 N/A	Principal	Coupen	Interest	Total Payment	Annual Payment	Balance
2001												
2002							0 See Above	181,875	0	181,875	0	0
2003							0 See Above	181,875	0	181,875	0	0
2004							0 See Above	181,875	0	181,875	0	0
2005							0 See Above	181,875	0	181,875	0	0
2006							0 See Above	181,875	0	181,875	0	0
2007							0 See Above	376,875	0	376,875	0	0
2008							0 See Above	376,875	0	376,875	363,750	4,850,000
2009							0 See Above	376,875	0	376,875	363,750	4,850,000
2010							0 See Above	376,875	0	376,875	363,750	4,850,000
2011							0 See Above	376,875	0	376,875	753,750	11,350,000
2012			80,000				0 See Above	376,875	0	376,875	753,750	11,350,000
2013		25,000	35,000				0 See Above	376,875	516,875	893,750	893,750	11,210,000
2014		70,000	85,000				0 See Above	372,225	432,225	804,450	804,450	11,150,000
2015		95,000	65,000				0 See Above	370,238	370,238	740,476	740,476	11,150,000
2016		120,000	135,000				0 See Above	343,500	598,500	942,000	942,000	10,995,000
2017		220,000	255,000				0 See Above	343,500	809,500	1,144,900	1,144,900	10,840,000
2018		200,000	220,000				0 See Above	319,050	739,050	1,058,100	1,058,100	9,620,000
2019		320,000	355,000				0 See Above	304,950	979,950	1,284,900	1,284,900	9,200,000
2020		85,000	80,000				0 See Above	282,300	447,300	729,600	729,600	8,525,000
2021		95,000	95,000				0 See Above	276,713	447,300	723,013	723,013	8,360,000
2022		105,000	95,000				0 See Above	270,300	470,300	740,600	740,600	8,170,000
2023		115,000	115,000				0 See Above	263,513	523,513	787,026	787,026	7,970,000
2024		125,000	120,000				0 See Above	255,750	523,513	779,263	779,263	7,740,000
2025		140,000	135,000				0 See Above	247,463	500,750	748,213	748,213	7,495,000
2026		155,000	140,000				0 See Above	247,463	522,463	769,926	769,926	7,220,000
2027		170,000	160,000				0 See Above	238,163	533,163	771,325	771,325	6,925,000
2028		185,000	165,000				0 See Above	228,150	558,150	786,300	786,300	6,595,000
2029		205,000	185,000				0 See Above	216,975	568,975	783,950	783,950	6,595,000
2030		220,000	195,000				0 See Above	205,088	595,088	800,175	800,175	6,245,000
2031		245,000	215,000				0 See Above	191,850	606,950	798,800	798,800	5,855,000
2032		265,000	225,000				0 See Above	177,750	637,750	815,500	815,500	5,440,000
2033		280,000	250,000				0 See Above	162,113	652,113	814,225	814,225	4,980,000
2034		310,000	270,000				See Above	145,425	685,425	830,850	830,850	4,590,000
2035		830,000	295,000				See Above	107,325	1,073,225	854,100	854,100	3,950,000
2036		0	895,000				See Above	67,500	1,334,650	848,000	848,000	3,370,000
2037		0	755,000				See Above	24,000	880,000	880,000	880,000	2,590,000
2038		0	800,000				See Above	24,000	848,000	848,000	848,000	1,910,000
2039		0	0				0	24,000	824,000	824,000	824,000	0
2040		0	4,850,000	6,500,000	0	0	0	15,335,625	27,285,625	27,285,625	27,285,625	0

Murphy Creek Metropolitan District #2
Estimated Schedules of Absorption, Market Values and Assessed Values
For the Years Ended December 31, 2002 through 2012

Schedule of Absorption

Property Description	Single Family Equivalent	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Commercial (SQUARE FEET)	1,253.42 per EOR			5,000	100,000	40,000	40,000	5,000	90,000	80,000	130,000	80,000	50,000	130,000	25,000	50,000	85,000	85,000	100,000	1,055,000
Totals (EOR's)		0	0	3.89	79.79	31.61	31.81	3.99	71.80	47.87	103.72	83.83	39.89	103.72	19.95	39.89	67.81	51.89	79.78	841.70

Schedule of Absorption for Development Fees

Development Fees Residential EOR	3,000	0	0	13,191	277,072	118,370	122,189	18,037	303,104	212,173	442,694	311,894	204,681	556,776	112,830	238,944	422,844	339,599	548,583	4,279,087
Cost amounts paid per agreement		0	0	13,191	277,072	118,370	122,189	18,037	303,104	212,173	442,694	311,894	204,681	556,776	112,830	238,944	422,844	339,599	548,583	4,279,087

Schedule of Market Values

Property Description	Market Value	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Commercial (SQUARE FEET)	100	0	0	515,113	10,458,784	4,245,454	5,309,139	546,722	8,968,804	6,758,958	14,884,070	8,284,327	5,889,745	15,543,038	3,073,881	8,158,779	10,628,073	8,248,408	12,880,203	173,950,187

Schedule of Assessed Values

Property Description	Assessment to Market Ratio	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Commercial	29.00%			149,383	3,032,467	1,231,182	1,249,849	158,548	2,608,895	1,980,097	4,310,580	2,692,455	1,708,028	4,507,481	878,828	1,788,048	3,081,822	2,382,038	3,735,258	35,771,554
Totals		0	0	149,383	3,032,467	1,231,182	1,249,849	158,548	2,608,895	1,980,097	4,310,580	2,692,455	1,708,028	4,507,481	878,828	1,788,048	3,081,822	2,382,038	3,735,258	35,771,554
Exclusionary		0	0	149,383	3,181,850	4,413,032	5,687,881	8,821,230	8,717,928	10,878,023	14,888,603	17,681,058	19,389,084	23,898,584	24,778,390	28,582,435	28,844,267	32,038,295	35,771,554	
Collection Yr		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	

Murphy Creek Metropolitan District #3

**Forecasted Statement of Sources
and Uses of Cash**

**For the Years Ending
December 31, 2002 through 2038**

DRAFT



Board of Directors
Murphy Creek Metropolitan District #3

We have compiled the accompanying forecasted statements of sources and uses of cash of the Murphy Creek Metropolitan District #3 and the related forecasted schedules of debt service, absorption, market values and development fees (Schedules 1 to 3) for the years ending December 31, 2002 through 2038, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

January 8, 2002

DRAFT

Murphy Creek Metropolitan District #3

Summary of Significant Assumptions and Accounting Policies December 31, 2002 through 2038

The foregoing forecast presents, to the best of the Petitioner's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects its judgment as of January 8, 2002. The assumptions disclosed herein are those that management believes are sufficient to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The purpose of this forecast is to show the amount of funds available for the future construction of infrastructure within the Districts by the issuance of general obligation bonds and subordinate developer advances and the anticipated funds available for repayment of the bonds and advances.

Note 1: Ad Valorem Taxes

Residential property is currently assessed at 9.15% of fair market values. The forecast assumes the assessment ratio will approximate 9.15% for assessment year 2001 and thereafter. Market values for residential homes are expected to range from \$70,000 for the apartments to \$250,000 (See Schedule 3).

Currently property is re-assessed every other year. Existing residential and commercial property is assumed to inflate at 1.5% per annum.

Property is assumed to be assessed annually as of January 1st. Homes are assumed to be assessed on the next January 1st. The forecast recognizes the related property taxes as revenue in the subsequent year.

The County Treasurer currently charges a 1.5% fee for the collection of property taxes. These charges are reflected in the accompanying forecast as Treasurers fees.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 10% of property taxes collected.

The mill levy imposed by the Districts is proposed to be 45.289 mills of which up to 5.000 mills is to cover the operating expenses and the balance of 40.289 is restricted for debt service.

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Murphy Creek North Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 2002 through 2038

Note 2: Development Fees

The forecast assumes that a development fee in the approximate amount of \$3,000 (2002 rate) will be collected on each equivalent residential unit (EQR) upon the issuance of a building permit. The development fee will increase 5% per annum over the life of the forecast. Schedule 3 reflects the anticipated collection of development fees. All development fees are restricted for the repayment of debt.

Note 3: Interest Income

Interest income is assumed to be earned at 3.5% per annum. Interest income is based on the year's beginning cash balance and an estimate of the timing of the receipt of revenues and the outflow of disbursements during the course of the year.

Note 4: Bond Assumptions

The Districts propose the issuance of limited tax general obligation bonds in 2002, 2005 and 2008 in the total amount of \$52,300,000. The bonds will carry coupon rates ranging from 7.5% to 6%, and have a maturity of 30 years. The first two issues are assumed to require a reserve requirement of 10%. Issuance costs for all series are forecasted to be \$2,092,000. Schedule 2 reflects the proposed repayment schedule of these bonds.

Note 5: Operating Expenses

Operating expenses are for legal, accounting, audit, and insurance costs. These costs are estimated to be \$75,000 for 2002, increasing to \$100,000 in 2005 and \$150,000 in 2012. Costs inflate at 2.0% per annum.

Note 6: Construction Costs

Construction costs forecasted are to total \$67,980,462 from 2002 through 2008.

Note 7: Developer Operating Fund Advances

The developer is expected to advance funds to the District from 2002 through 2004 to cover shortages in available revenues for operating expenses in the amount of \$174,030. Commencing in 2005, it is forecasted that the District will commence repayment of the advances. The forecast assumes that no interest will be charged on developer operating advances.

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Murphy Creek North Metropolitan District

**Summary of Significant Assumptions and Accounting Policies
December 31, 2002 through 2038**

Note 8: Subordinate Developer Capital Advances

It is anticipated that the developer will need to advance funds to the District for the payment of capital improvements due to the timing of the capital requirements and the forecasted issuance of the bonds. In addition, it is assumed all of the capital improvements for the District will not be able to be paid for from net bond proceeds. The developer anticipates advancing \$44,420,702 to the District through 2007 of which \$23,148,398 will be repaid from bond proceeds. The difference of \$21,272,304, that is not repaid, is expected to be treated as a developer contribution for improvements to the District.

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Murphy Creek Metropolitan District #3
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	Totals	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund													
Beginning cash available	0	0	0	0	(0)	(0)	(0)	17,225	58,821	113,300	178,092	246,356	281,243
Revenues													
Property taxes	5,941,963	0	0	51,869	106,332	160,296	198,134	138,147	151,983	161,889	170,916	172,792	177,976
Specific ownership taxes	594,196	0	0	5,187	10,633	16,030	19,813	13,815	15,198	16,187	17,092	17,279	17,798
Developer advances	174,030	75,000	76,500	22,630									
	<u>6,710,189</u>	<u>75,000</u>	<u>76,500</u>	<u>79,586</u>	<u>116,965</u>	<u>176,326</u>	<u>217,947</u>	<u>151,962</u>	<u>167,181</u>	<u>178,056</u>	<u>188,008</u>	<u>190,071</u>	<u>195,774</u>
Expenditures													
County treasurer fees	178,258	0	0	1,556	3,190	4,809	5,944	4,144	4,559	4,856	5,127	5,184	5,339
Repay developer advances	174,030				13,775	69,517	90,738						
Operating expenses	8,274,607	75,000	78,500	78,030	100,000	102,000	104,040	106,121	108,243	110,408	112,618	150,000	153,000
	<u>8,626,896</u>	<u>75,000</u>	<u>78,500</u>	<u>79,586</u>	<u>116,965</u>	<u>176,326</u>	<u>200,722</u>	<u>110,285</u>	<u>112,803</u>	<u>115,264</u>	<u>117,744</u>	<u>155,184</u>	<u>158,339</u>
Ending cash available	83,293	0	0	(0)	(0)	(0)	17,225	58,821	113,300	178,092	246,356	281,243	318,677
Mill levy		5.000	5.000	5.000	5.000	5.000	4.500	2.500	2.500	2.500	2.500	2.500	2.500
Capital Projects Fund													
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenues													
Developer advances	44,420,702	14,111,467	8,587,579	8,066,090		6,827,783	6,827,783						
Interest income	0												
Senior Bond proceeds	52,300,000	17,000,000			18,000,000			17,300,000					
	<u>96,720,702</u>	<u>31,111,467</u>	<u>8,587,579</u>	<u>8,066,090</u>	<u>18,000,000</u>	<u>6,827,783</u>	<u>6,827,783</u>	<u>17,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures													
Issuance costs	2,882,000	680,000	0	0	720,000	0	0	692,000					
Transfer to Debt Service for Reserve	3,500,000	1,700,000			1,800,000								
Repay developer advances	23,148,398				6,540,398			16,608,000					
District improvements	67,880,304	28,731,467	8,587,579	8,066,090	8,939,602	6,827,783	6,827,783						
	<u>96,720,702</u>	<u>31,111,467</u>	<u>8,587,579</u>	<u>8,066,090</u>	<u>18,000,000</u>	<u>6,827,783</u>	<u>6,827,783</u>	<u>17,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0	0

Murphy Creek Metropolitan District #3
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2030

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund													
Beginning cash available	318,877	353,052	390,018	423,800	460,220	452,921	447,092	437,817	430,022	418,641	408,747	395,123	382,893
Revenues													
Property taxes	177,976	183,315	183,315	188,815	151,052	155,583	155,583	160,251	160,251	165,058	165,058	170,010	170,010
Specific ownership taxes	17,798	18,332	18,332	18,881	15,105	15,558	15,558	16,025	16,025	16,506	16,506	17,001	17,001
Developer advances													
	<u>195,774</u>	<u>201,647</u>	<u>201,647</u>	<u>207,696</u>	<u>166,157</u>	<u>171,142</u>	<u>171,142</u>	<u>176,276</u>	<u>176,276</u>	<u>181,564</u>	<u>181,564</u>	<u>187,011</u>	<u>187,011</u>
Expenditures													
County treasurer fees	5,339	5,499	5,499	5,664	4,532	4,667	4,667	4,808	4,808	4,952	4,952	5,100	5,100
Repay developer advances													
Operating expenses	156,060	159,181	162,385	165,612	168,924	172,303	175,749	178,264	182,849	186,506	190,238	194,041	197,822
	<u>161,399</u>	<u>164,681</u>	<u>167,884</u>	<u>171,277</u>	<u>173,456</u>	<u>176,970</u>	<u>180,416</u>	<u>184,071</u>	<u>187,657</u>	<u>191,458</u>	<u>195,190</u>	<u>199,141</u>	<u>203,022</u>
Ending cash available	353,052	390,018	423,800	460,220	452,921	447,092	437,817	430,022	418,641	408,747	395,123	382,893	366,882
Mill Levy	2.500	2.500	2.500	2.500	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Capital Projects Fund													
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenues													
Developer advances													
Interest income													
Senior Bond proceeds													
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures													
Issuance costs													
Transfer to Debt Service for Reserve													
Repay developer advances													
District improvements													
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0	0

Murphy Creek Metropolitan District #3
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
General Fund												
Beginning cash available	366,982	352,470	333,920	316,873	295,625	275,882	251,769	229,161	202,006	178,356	145,975	117,095
Revenues												
Property taxes	175,110	175,110	180,364	180,364	185,775	185,775	191,348	191,348	197,088	197,088	203,001	203,001
Specific ownership taxes	17,511	17,511	18,036	18,036	18,577	18,577	19,135	19,135	19,709	19,709	20,300	20,300
Developer advances												
	192,621	192,621	198,400	198,400	204,352	204,352	210,483	210,483	216,797	216,797	223,301	223,301
Expenditures												
County treasurer fees	5,253	5,253	5,411	5,411	5,573	5,573	5,740	5,740	5,913	5,913	6,090	6,090
Repay developer advances												
Operating expenses	201,880	205,918	210,036	214,237	218,522	222,892	227,350	231,897	236,535	241,266	246,091	251,013
	207,134	211,171	215,447	219,648	224,095	228,465	233,090	237,637	242,448	247,178	252,181	257,103
Ending cash available	352,470	333,920	316,873	295,625	275,882	251,769	229,161	202,006	178,356	145,875	117,095	83,293
Levy	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Capital Projects Fund												
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0
Revenues												
Developer advances												
Interest income												
Senior Bond proceeds												
	0	0	0	0	0	0	0	0	0	0	0	0
Expenditures												
Issuance costs												
Transfer to Debt Service for Reserve												
Repay developer advances												
District improvements												
	0	0	0	0	0	0	0	0	0	0	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0

Murphy Creek Metropolitan District #3
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	Totals	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Service Fund													
Beginning cash available	0	0	3,031,250	3,260,158	4,020,441	7,156,871	7,786,928	8,031,278	8,738,558	8,463,374	8,137,351	7,881,542	7,560,345
Revenues													
Property taxes	114,059,604	0	0	417,951	858,799	1,291,634	1,795,931	2,364,466	2,601,283	2,770,484	2,925,331	2,957,442	3,046,165
Specific ownership taxes	11,405,960	0	0	41,795	85,680	129,163	179,593	236,447	260,128	277,048	282,533	295,744	304,616
Development fees	8,837,843	1,331,250	1,397,813	1,467,703	1,541,088	1,618,143	550,396	577,916	242,725	110,809	0	0	
Transfer from Capital Projects	3,500,000	1,700,000			1,800,000								
Interest income	6,477,303		106,094	114,105	140,715	250,490	272,542	281,095	305,850	296,218	284,807	275,854	264,612
	144,280,711	3,031,250	1,503,906	2,041,554	4,424,282	3,289,431	2,798,463	3,459,923	3,409,986	3,454,559	3,502,671	3,529,040	3,615,393
Expenditures													
Debt service - senior Bonds	141,820,650	0	1,275,000	1,275,000	1,275,000	2,640,000	2,527,175	2,717,175	3,646,150	3,739,025	3,714,600	3,805,875	3,804,575
Repay subordinate bonds plus interest	0						0	0					
County treasurer fees	1,710,894	0	0	6,269	12,852	19,375	26,939	35,467	39,019	41,557	43,880	44,362	45,692
	143,531,544	0	1,275,000	1,281,269	1,287,852	2,659,375	2,554,114	2,752,642	3,685,169	3,780,582	3,758,480	3,850,237	3,850,267
Ending cash available	749,166	3,031,250	3,260,158	4,020,441	7,156,871	7,786,928	8,031,278	8,738,558	8,463,374	8,137,351	7,881,542	7,560,345	7,325,471
Mill Levy		40.289	40.289	40.289	40.289	40.289	40.789	42.789	42.789	42.789	42.789	42.789	42.789
Local Mill Levy		45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289
Assessed valuation (000's)													
Beginning		0	0	0	10,374	21,266	32,059	44,030	65,269	80,793	64,748	68,366	69,117
New construction	64,244			10,374	10,581	10,793	11,009	11,229	3,877	3,954	1,676	750	0
Inflation (1.5% per annum)	37,257				311		962		1,658		1,942		2,074
Ending	101,500	0	0	10,374	21,266	32,059	44,030	65,259	60,793	64,748	68,366	69,117	71,190

Murphy Creek Metropolitan District #3
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Debt Service Fund													
Beginning cash available	7,325,471	7,010,152	6,782,349	6,468,172	6,249,352	5,985,646	5,819,380	5,571,145	5,421,835	5,189,949	5,060,698	4,845,574	4,739,458
Revenues													
Property taxes	3,046,165	3,137,550	3,137,550	3,231,678	3,269,439	3,367,522	3,367,522	3,468,548	3,468,548	3,572,605	3,572,605	3,679,783	3,679,783
Specific ownership taxes	304,616	313,755	313,755	323,168	326,944	336,752	336,752	346,855	346,855	357,260	357,260	367,878	367,878
Development fees													
Transfer from Capital Projects													
Interest income	258,391	245,355	237,382	226,388	218,727	209,498	203,678	194,990	189,764	181,648	177,124	169,595	165,881
	<u>3,607,173</u>	<u>3,696,660</u>	<u>3,688,687</u>	<u>3,781,230</u>	<u>3,815,110</u>	<u>3,913,772</u>	<u>3,907,953</u>	<u>4,010,393</u>	<u>4,005,167</u>	<u>4,111,513</u>	<u>4,108,989</u>	<u>4,217,356</u>	<u>4,213,642</u>
Expenditures													
Debt service - senior Bonds	3,876,800	3,877,400	3,955,800	3,951,575	4,029,775	4,029,525	4,105,675	4,107,675	4,185,025	4,187,175	4,268,525	4,268,275	4,351,200
Repay subordinate bonds plus interest													
County treasurer fees	45,692	47,083	47,083	48,475	49,042	50,513	50,513	52,028	52,028	53,589	53,589	55,197	55,197
	<u>3,922,492</u>	<u>3,924,483</u>	<u>4,002,883</u>	<u>4,000,050</u>	<u>4,078,817</u>	<u>4,080,038</u>	<u>4,156,188</u>	<u>4,159,703</u>	<u>4,237,053</u>	<u>4,240,764</u>	<u>4,322,114</u>	<u>4,323,472</u>	<u>4,406,397</u>
Ending Cash available	7,010,152	6,782,349	6,468,172	6,249,352	5,985,646	5,819,380	5,571,145	5,421,835	5,189,949	5,060,698	4,845,574	4,739,458	4,548,703
Mill Levy	42.789	42.789	42.789	42.789	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289
Total Mill Levy	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>	<u>45.289</u>
Assessed valuation (000's)													
Beginning	71,190	71,190	73,326	73,326	75,526	75,526	77,792	77,792	80,125	80,125	82,529	82,529	85,005
New construction	0												
Inflation (1.5% per annum)		2,136		2,200		2,268		2,334		2,404		2,478	
Ending	<u>71,190</u>	<u>73,326</u>	<u>73,326</u>	<u>75,526</u>	<u>75,526</u>	<u>77,792</u>	<u>77,792</u>	<u>80,125</u>	<u>80,125</u>	<u>82,529</u>	<u>82,529</u>	<u>85,005</u>	<u>85,005</u>

Murphy Creek Metropolitan District #3
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2002 through 2038

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Debt Service Fund												
Beginning cash available	4,546,703	4,467,054	4,302,942	4,254,231	4,116,590	4,100,629	2,300,308	2,335,035	2,281,728	562,314	560,171	700,808
Revenues												
Property taxes	3,790,176	3,790,176	3,903,881	3,903,881	4,020,998	4,020,998	4,141,628	4,141,628	4,265,877	4,265,877	4,393,853	4,393,853
Specific ownership taxes	379,018	379,018	390,388	390,388	402,100	402,100	414,163	414,163	426,588	426,588	439,385	439,385
Development fees												
Transfer from Capital Projects												
Interest income	159,135	166,347	150,603	148,898	144,081	143,522	80,511	81,726	79,860	19,681	19,606	24,528
	<u>4,328,328</u>	<u>4,325,541</u>	<u>4,444,873</u>	<u>4,443,168</u>	<u>4,567,178</u>	<u>4,566,620</u>	<u>4,636,301</u>	<u>4,637,517</u>	<u>4,772,325</u>	<u>4,712,145</u>	<u>4,852,844</u>	<u>4,857,766</u>
Expenditures												
Debt service - senior Bonds	4,351,125	4,432,800	4,435,025	4,522,250	4,522,825	6,308,625	4,539,450	4,628,700	6,427,750	4,650,300	4,646,300	4,743,500
Repay subordinate bonds plus interest												
County treasurer fees	56,853	56,853	58,558	58,658	60,315	60,315	62,124	62,124	63,988	63,888	65,908	65,908
	<u>4,407,978</u>	<u>4,489,653</u>	<u>4,493,583</u>	<u>4,580,908</u>	<u>4,583,140</u>	<u>6,368,940</u>	<u>4,601,574</u>	<u>4,690,824</u>	<u>6,491,738</u>	<u>4,714,288</u>	<u>4,712,208</u>	<u>4,809,408</u>
Ending cash available	<u>4,467,054</u>	<u>4,302,942</u>	<u>4,254,231</u>	<u>4,116,590</u>	<u>4,100,629</u>	<u>2,300,308</u>	<u>2,335,035</u>	<u>2,281,728</u>	<u>562,314</u>	<u>560,171</u>	<u>700,808</u>	<u>749,168</u>
Mill Levy	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289	43.289
Local Mill Levy	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289
Assessed valuation (000's)												
Beginning	85,005	87,555	87,555	90,182	90,182	92,887	92,887	95,674	95,674	98,544	98,544	101,500
New construction		0	0	0	0	0	0	0	0	0	0	0
Inflation (1.5% per annum)	2,550		2,627		2,705		2,787		2,870		2,956	
Ending	<u>87,555</u>	<u>87,555</u>	<u>90,182</u>	<u>90,182</u>	<u>92,887</u>	<u>92,887</u>	<u>95,674</u>	<u>95,674</u>	<u>98,544</u>	<u>98,544</u>	<u>101,500</u>	<u>101,500</u>

Murphy Creek Metropolitan District #3
 Schedule of General Obligation Debt
 For the Years Ended December 31, 2002 to 2038

	Issue #1 Series 2003 7.50% Principal	Issue #2 Series 2005 7.00% Principal	Issue #3 Series 2008 8.00% Principal	Issue #4 N/A Principal	Issue #5 N/A Principal	Issue #6 N/A Principal	Coupon	Interest	Total Payment	Annual Payment	Balance
2001								0	0	0	17,000,000
2002								637,500	637,500	0	17,000,000
2003	0							637,500	637,500	1,275,000	17,000,000
2004	0							637,500	637,500	1,275,000	17,000,000
2005	0				0	See Above		637,500	637,500	1,275,000	35,000,000
2006	95,000	10,000			0	See Above		1,267,500	1,267,500	2,640,000	35,000,000
2007	0	0			0	See Above		1,263,588	1,263,588	2,527,175	34,895,000
2008	145,000	45,000			0	See Above		1,263,588	1,263,588	2,717,175	34,895,000
2009	95,000	0			0	See Above		1,775,575	1,775,575	3,648,150	51,910,000
2010	195,000	40,000			0	See Above		1,772,013	1,772,013	3,739,025	51,715,000
2011	155,000	30,000	0		0	See Above		1,764,800	1,764,800	3,714,500	51,530,000
2012	210,000	75,000	5,000		0	See Above		1,757,938	1,757,938	3,885,875	51,240,000
2013	225,000	90,000	5,000	0		See Above		1,747,288	1,747,288	3,804,575	50,930,000
2014	270,000	105,000	30,000	0		See Above		1,735,900	1,735,900	3,876,800	50,525,000
2015	290,000	115,000	30,000	0	0	See Above		1,721,200	1,721,200	3,877,400	50,090,000
2016	335,000	150,000	60,000	0	0	See Above		1,705,400	1,705,400	3,855,800	50,090,000
2017	360,000	160,000	85,000	0	0	See Above		1,685,788	1,685,788	3,851,575	48,965,000
2018	420,000	195,000	90,000	0	0	See Above		1,664,888	1,664,888	4,029,775	48,285,000
2019	450,000	210,000	90,000	0	0	See Above		1,639,763	1,639,763	4,029,525	47,515,000
2020	510,000	255,000	115,000	0	0	See Above		1,612,838	1,612,838	4,105,675	46,635,000
2021	550,000	270,000	125,000	0	0	See Above		1,581,338	1,581,338	4,107,675	46,635,000
2022	620,000	315,000	155,000	0	0	See Above		1,547,513	1,547,513	4,185,025	44,800,000
2023	670,000	340,000	160,000	0	0	See Above		1,508,588	1,508,588	4,187,175	43,430,000
2024	750,000	390,000	195,000	0	0	See Above		1,466,763	1,466,763	4,268,525	42,095,000
2025	805,000	420,000	205,000	0	0	See Above		1,419,138	1,419,138	4,268,275	40,665,000
2026	895,000	475,000	245,000	0	0	See Above		1,368,100	1,368,100	4,351,200	39,050,000
2027	965,000	565,000	260,000	0	0	See Above		1,310,563	1,310,563	4,351,125	37,320,000
2028	1,065,000	570,000	360,000	0	0	See Above		1,248,900	1,248,900	4,432,800	35,395,000
2029	1,145,000	610,000	370,000	0	0	See Above		1,180,013	1,180,013	4,435,025	33,310,000
2030	1,265,000	685,000	360,000	0	0	See Above		1,106,125	1,106,125	4,522,250	31,000,000
2031	1,360,000	710,000	395,000	0	0	See Above		1,023,913	1,023,913	4,522,825	28,525,000
2032	3,195,000	815,000	425,000	0	0	See Above		935,813	935,813	6,308,625	24,090,000
2033		2,635,000	355,000			See Above		774,725	774,725	4,539,450	21,100,000
2034		2,885,000	400,000			See Above		671,850	671,850	4,628,700	17,815,000
2035		4,885,000	425,000			See Above		558,875	558,875	6,427,750	12,505,000
2036			3,900,000			See Above		375,150	375,150	4,650,300	8,605,000
2037			4,130,000			See Above		258,150	258,150	4,646,300	4,475,000
2038			4,475,000			See Above		134,250	134,250	4,743,500	0
	17,000,000	18,000,000	17,300,000	0	0		99,520,650	141,820,650	141,820,650	1,418,200,650	0

Murphy Creek Metropolitan District #3
Forecasted Schedules of Absorption, Market Values and Assessed Values
For the Years Ended December 31, 2002 through 2012

Schedule of Absorption

Property description	Single Family Equivalent	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Single Family	100.00%	300	300	300	300	300							1,500
ownhome A	75.00%	75	75	75	75	75	75	75	6				531
ownhome A	50.00%	75	75	75	75	75	75	75	6				531
apartments	25.00%	200	200	200	200	200	200	200	200	100			1,700
Totals		650	650	650	650	650	350	350	212	100	0	0	4,262

Schedule of Absorption for Development Fees

absorption Residential (SFE's)	443.75	443.75	443.75	443.75	443.75	443.75	143.75	143.75	57.50	25.00	0.00	0.00	2588.75
absorption Commercial (SFE's)													
Totals	443.75	443.75	443.75	443.75	443.75	443.75	143.75	143.75	57.50	25.00	0.00	0.00	2588.75
development fees residential	3,000	1,331,250	1,397,813	1,467,703	1,541,088	1,618,143	550,396	577,916	242,725	110,809	0	0	8,837,843
total amounts paid per agreement		1,331,250	1,397,813	1,467,703	1,541,088	1,618,143	550,396	577,916	242,725	110,809	0	0	8,837,843

Schedule of Market Values

	Market Value	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Single Family	250,000	75,000,000	76,500,000	78,030,000	79,580,600	81,182,412	0	0	0	0	0	0	390,303,012
ownhome A	175,000	13,125,000	13,387,500	13,655,250	13,928,365	14,206,922	14,491,061	14,780,882	1,206,120	0	0	0	98,781,089
ownhome A	150,000	11,250,000	11,475,000	11,704,500	11,938,590	12,177,362	12,420,909	12,669,327	1,033,817	0	0	0	84,669,505
apartments	70,000	14,000,000	14,280,000	14,565,600	14,856,912	15,154,050	15,457,131	15,766,274	16,081,599	8,201,618	0	0	128,363,182
Totals		113,375,000	115,642,500	117,955,350	120,314,457	122,720,746	42,369,101	43,216,483	18,321,536	8,201,618	0	0	675,593,637

Schedule of Assessed Valuation

	Assessment to Market Ratio	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
residential	9.15%	10,373,813	10,581,289	10,792,915	11,008,773	11,228,948	3,876,773	3,954,308	1,676,421	750,448	0	0	64,243,686
commercial	29.00%												0
Totals		10,373,813	10,581,289	10,792,915	11,008,773	11,228,948	3,876,773	3,954,308	1,676,421	750,448	0	0	64,243,686
Cumulative		10,373,813	20,955,101	31,748,016	42,756,789	53,985,737	57,862,510	61,816,818	63,493,238	64,243,686	64,243,686	64,243,686	64,243,686
Collection Yr		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	

EXHIBIT I
Aurora Intergovernmental Agreement
[UNCHANGED]

AMENDED EXHIBIT J
Underwriter Letter



KIRKPATRICK PETTIS

A Mutual of Omaha Company

Investments Since 1925

January 17, 2002

Murphy Creek Metropolitan Districts
Board of Directors
c/o Michael Sheldon
4582 S. Ulster Street, Suite 902
Denver, CO 80237-2632

RE: ***Murphy Creek Metropolitan Districts Service Plan Amendment***

To Whom It May Concern:

As part of the service plan amendment process, you have asked about the relationship between the investment bankers and the Murphy Creek Metropolitan Districts. We are engaged with the Districts as described by the attached Letter of Intent. We will serve as underwriter for the Districts' voter authorized debt. The structure represented in the financing plan involves non-rated bonds issued to a third party, which we believe will be marketable based on the growth assumptions also included in this plan.

We hope this letter helps to clarify the financing alternative represented in the financing plan. Please call if you have any questions or require further clarification.

Sincerely,

Thomas R. Bishop
Senior Vice President

Samuel R. Sharp
Assistant Vice President

Executed Copy



KIRKPATRICK PETTIS
A Member of Omaha Company

Investments Since 1925

January 24, 2001

Murphy Creek Metropolitan Districts
Board of Directors
c/o Michael Sheldon
4582 S. Ulster Street, Suite 902
Denver, CO 80237-2632

RE: *Murphy Creek Metropolitan Districts
Letter of Intent*

Dear Boardmembers:

The Board of Directors is considering a sale of voter authorized General Obligation Bonds (the "Bonds") by the Murphy Creek Metropolitan Districts #1, #2, and #3 (the "District"). This letter confirms the basis upon which we intend to submit an offer to purchase the Bonds from the District.

Section 1. Arrangements Before Sale. There are several arrangements which must be made before any sale of bonds can occur. These arrangements include, but are not limited to:

Developing a Plan of Finance. In concert with Bond Counsel and District management, Kirkpatrick Pettis will prepare a plan of expected development, future capital improvements, revenues, expenses, and debt repayment. Once such a plan is prepared and approved by the Board, various debt structures can be analyzed within the plan to determine what will work best for the District.

Structuring. Once a financing structure has been selected by the Board, the terms of the debt (such as the sources of payment, the nature of the security, maturity schedule, the rights of redemption prior to maturity, etc.) must be determined, taking into account both the interests of the District and the expectations of investors.

Murphy Creek Metropolitan Districts
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Legal Counsel. Legal counsel will be selected and engaged by the District to prepare the legal proceedings necessary to authorize the debt, to assist in the preparation of disclosure documents necessary to sell the securities, and to render certain approving opinions when the securities are delivered. All fees and expenses of legal counsel selected hereunder shall be paid only from the proceeds derived upon sale of the Bonds.

Ratings. The ratings which may be obtained for the bonds are likely to have a significant effect on the rates of interest at which the bonds can be sold. If it is determined to be in the District's best interest to obtain these ratings, Kirkpatrick Pettis will assist the District in preparing and submitting applications to the rating agencies along with detailed information about the District, the debt and any credit enhancement.

Credit Enhancement. By providing investors with a guarantee of timely payments on the debt, for even a limited time period, the purchase of credit enhancement can produce a net reduction in financing costs. Kirkpatrick Pettis will assist the District in investigating the availability of bond insurance, letters of credit or other forms of credit enhancement and assist the District in determining the cost effectiveness of these products.

Disclosure to Investors. In connection with the issuance of bonds by the District and the sale and delivery of securities to ultimate investors, material information about the District and the transaction must be compiled in a disclosure document for distribution to prospective purchasers. As set forth above under Legal Counsel, the District will engage the services of counsel to assist in the preparation of such disclosure documents and advise the District and Underwriter about sales practices, regulatory requirements, and security matters. If disclosure counsel is engaged as the District's counsel, Kirkpatrick Pettis, will expect to receive the benefit of their 10(b)-5 opinion as well.

In contemplation of submitting an offer to underwrite the bonds, we will assist the District in making these arrangements. By accepting this letter and accepting our assistance in making these arrangements, the District will not incur any obligation except to pay from the Bond proceeds the expenses as provided in Sections 4 and 6 of this letter. Our active participation in making these arrangements should not and cannot be construed by the District as a promise to underwrite the bonds or as an assurance that the bonds can be sold.

Section 2. Underwriting. At such time as the arrangements for the sale of the securities have been successfully completed, it is our intention to submit for consideration by the Board of Directors our offer to underwrite the bonds. Our offer will be submitted in the form of a bond purchase agreement and will set forth terms of the purchase such as the rates of interest, the amount of any

Murphy Creek Metropolitan Districts
Page 3 of 4

original issue premium or discount, our underwriting compensation (not to exceed 2 percent of the principal amount of the bonds), and the date and conditions for delivery of the bonds. Until the District accepts our offer, there will be no obligation for this firm to purchase the bonds from the District. In consideration for our work performed pursuant to Section 1, above, the District agrees that it will not consider other underwriting proposals unless Kirkpatrick Pettis has first declined to underwrite the transaction. ~~After February 1, 2002, this exclusive relationship will be limited to LOC enhanced bond issues.~~

Section 3. Remarketing. In the event that the District issues bonds that are remarketed within their term, the District will have to engage a remarketing agent qualified to remarket the bonds on each remarketing date. If an underwriting agreement is reached between Kirkpatrick Pettis and the District, Kirkpatrick Pettis will submit an offer to serve as remarketing agent to the District for compensation not to exceed .25 percent of the amount of bonds annually remarketed. In further consideration for our work performed pursuant to Section 1, above, the District agrees that as long as Kirkpatrick Pettis is the lead underwriter, it will provide Kirkpatrick Pettis with the option to submit a proposal to act as remarketing agent and that it will not consider other proposals to act as remarketing agent unless and until the Kirkpatrick Pettis proposal for remarketing has been rejected.

Section 4. Payment of Expenses. Expenses will be incurred to make the arrangements for the sale of the bonds before their delivery and the receipt of proceeds by the District but such expenses will not be obligations of the District unless advance authorization has been obtained from the District. All of the expenses incurred in connection with the authorization, sale, and delivery of the bonds, including rating application, letter of credit fees and related expenses, insurance premiums, bond disclosure and underwriter's counsel and our out-of-pocket expenses for any travel outside of Colorado shall be paid only from the proceeds derived upon sale of the Bonds.

Section 5. Not an Offer to Buy. This letter of intent is not an offer to purchase or a guarantee that we will make an offer to purchase the District's bonds in the future. Our offer to purchase, if made, will only be made by a bond purchase agreement prepared by our counsel and reviewed by the District and its counsel after the successful conclusion of the pre-sale arrangements described in Section 1 and the completion of other preliminary matters. This letter serves to summarize the steps we hope will lead to an underwriting of bonds at a future date at which time both Kirkpatrick Pettis and the District will incur and assume additional obligations as set forth in the bond purchase agreement.

Section 6. Private Placement of Debt. If the District determines that a private placement of debt to developer or other parties would be in its best interest, the

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District agrees to utilize the services of Kirkpatrick Pettis as an advisor for a fee not to exceed 1% of the debt distributed.

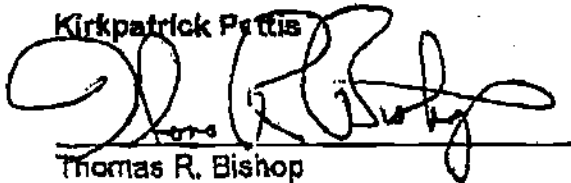
Section 7. Term of Letter Agreement: This letter agreement shall remain in full force and effect until such time as the Board of Directors of the District, after formal action by the Board, notifies Kirkpatrick Pettis in writing of its intent to terminate this letter agreement with no less than 60 days notice, provided that no such action or notice shall be effective until after February 1, 2002. Kirkpatrick Pettis may resign as investment banker to the District by providing written notification with no less than 60 days notice to the District.

WRB
WRB
December 1, 2002

Section 8. Acceptance. The Boardmembers or other authorized officers of the District may indicate their desire to proceed with the delivery of these investment banking services upon the basis set forth in this letter by executing one copy of this letter and returning it to us.

Respectfully submitted,

Kirkpatrick Pettis



Thomas R. Bishop
Senior Vice President

ACCEPTED this ____ day of January 2001..

Murphy Creek Metropolitan Districts



Authorized Officer

FIRST ADDENDUM TO THE CONSOLIDATED SERVICE PLAN

FOR

MURPHY CREEK METROPOLITAN DISTRICTS NOS. 1, 2, 3 AND 4

Pursuant to the Resolution of Approval as adopted by the Aurora City Council on September 14, 1998, the Consolidated Service Plan is hereby modified to include the following language:

Upon the request of the City, the Districts shall be required to fund one-half of all costs associated with the acquisition and installation of an emergency warning siren if the installation of such siren within the service area of the Districts is deemed necessary by the City.

MASTER

"If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive covenant language pursuant to subdivision (c) of Section 12956.1 of the Government Code."

300⁰⁰—

MASTER DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
OF MURPHY CREEK

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MASTER DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
MURPHY CREEK

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF MURPHY CREEK ("Master Declaration") is made and entered into by MURPHY CREEK DEVELOPMENT, INC., a Colorado corporation ("Master Declarant").

WITNESSETH:

WHEREAS, Master Declarant is the owner of the real property situated in the County of Arapahoe, State of Colorado, which is described on Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, Master Declarant desires to subject and place upon the property described on Exhibit A certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other charges set forth herein; and

WHEREAS, a common interest community may be created pursuant to CCIOA (as hereinafter defined) only by recording a declaration executed in the same manner as a deed. The declaration must be recorded in every county in which any portion of the common interest community is located and must be indexed in the grantee's index in the name of the common interest community and in the name of the association, and in the grantor's index in the name of each person executing the declaration. No common interest community is created until the plat or map for the common interest community is recorded.

NOW, THEREFORE, Master Declarant hereby declares that a plat which includes the property described on the attached Exhibit A has been recorded and that all of the real property described on that attached Exhibit A shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein, which shall run with, the above-described property and be binding on all parties having any right, title, or interest in the above-described property or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

1. "Agencies" mean the Government National Mortgage association (GNMA), the Federal National Mortgage association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

2. "Allocated Interest" means the share of Association common expenses and votes in the Association allocated to each Lot. The Allocated Interest for each Lot shall be a fraction. The numerator of the Allocated Interest for each Lot is: for each Residential Lot, One (1); for each Apartment Lot, one-fifth (1/5) times the number of Apartment Units on such Apartment Lot (if the total number of Apartment Units is not evenly divisible by 5, then the result of such calculation shall be rounded up to the next whole number; for example, if the total number of Apartment Units is 21, the calculation would be $21 \times 1/5 = 4.2$, which number would be rounded up to 5); and for each Commercial Lot, the total square footage of such Commercial Lot divided by 4,000 (if the total square footage of such Commercial Lot is not evenly divisible by 4,000, then the result of such calculation shall be rounded up to the next whole number; for example, if the total square footage of such Commercial Lot is 25,000, the calculation would be $25,000 \div 4,000 = 6.25$, which number would be rounded up to 7). The denominator of the Allocated Interest for each Lot shall be the total of the numerators for all Lots in the Community from time to time.

3. "Annexable Area" means the property described on Exhibit D attached hereto and incorporated herein by this reference plus, under CCIOA, such additional real estate from such locations as the Master Declarant may elect in its sole discretion in an amount not exceeding the maximum permitted by CCIOA.

4. "Apartment Lot" means a Lot that is designated for apartment uses in this Master Declaration or in any Supplemental Declaration or annexation document(s) and on which one or more structures containing Apartment Units may be constructed from time to time. Until such time as a structure containing Apartment Units is constructed on an Apartment Lot, each Apartment Lot shall be deemed to contain five (5) Apartment Units. Once a structure containing Apartment Units is constructed on an Apartment Lot, the actual number of Apartment Units on such Apartment Lot from time to time shall be used in calculating the Allocated Interest attributable to such Apartment Lot. The Master Declarant reserves the right but not the obligation to record, at any time and from time to time, a document which affirms the actual number of Apartment Units on any Apartment Lots.

5. "Apartment Unit" means each area of an Apartment Lot which is or may be separately offered for rental or lease by the Owner of such Apartment Lot and is intended for residential occupancy.

6. "Board of Directors" or "Board" means the body, regardless of name, designated in this Master Declaration and the Bylaws of the Master Association to act on behalf of the Master Association.

7. "Builder" means any Member other than the Master Declarant who acquires (or has acquired prior to annexation to this Master Declaration) one or more Lots for the purpose of constructing one or more commercial, apartment, or residential structures thereon, and who is designated as a Builder by Master Declarant in its sole discretion from time to time, with such designation to be made by a written instrument duly recorded in the office of the Clerk and Recorder of the County of Arapahoe, Colorado.

8. "CCIOA" means the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq., as amended.

9. "Commercial Lot" means a Lot within the Community which is designated for commercial uses in this Master Declaration or in the annexation document covering that Lot or in any other document recorded by the Master Declarant (with the consent of the Owner of that Lot), including any Condominium Unit so designated. Such Commercial Lots shall not be subject to the covenants, conditions, and restrictions contained in Articles V and X hereof.

10. "Common Elements" means any property owned or leased by the Master Association, other than a Lot, which exists for the common use of more than one of the Owners. The Common Elements at the time of recordation of this Master Declaration are described on Exhibit B attached hereto and incorporated herein by this reference.

11. "Community" means real estate described on Exhibit A to this Master Declaration, as supplemented and amended from time to time, and with respect to which a Person, by virtue of such Person's ownership of a Lot, is obligated to pay for real estate taxes, insurance premiums, maintenance or improvement of other real estate described in this Master Declaration. The Community is a planned community under CCIOA.

12. "Condominium Building" means any building (including all fixtures and Improvements therein contained) located in the Community and within which one or more Condominium Units are located.

13. "Condominium Unit" means the air space contained within the enclosed rooms occupying part of a floor or floors in a Condominium Building, and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more Condominium Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floors, if it is a Condominium Unit containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is a Condominium Unit containing more than one level), and the unfinished interior surfaces of windows and window frames, doors and door frames of a Condominium Building, and which is separately identified on a condominium map. Each Condominium Unit shall be either a Residential Lot or a Commercial Lot, as identified on the annexation document for such Condominium Unit.

14. "Design Review Committee" or "Committee" means the committee appointed by the Master Declarant or by the Master Association to review and approve or disapprove plans for Improvements, as more fully provided in this Master Declaration.

15. "Development Rights" means the following rights or combination of rights hereby reserved by the Master Declarant, as such Development Rights may be further described in this Master Declaration, to:

- (a) add real estate to this Community, as provided in Article XIV, Section 5 hereof;
- (b) subdivide or replat Lots, as provided in Article XIV, Section 6 hereof; or
- (c) withdraw real estate from this Community, as provided in Article XIV, Section 5 hereof.

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The Master Declarant may exercise its Development Rights in all or any portion of the Community, and no assurances are made as to the boundaries or order of exercise of any such development rights. The Master Declarant's right to exercise Development Rights shall terminate automatically when the Special Declarant Rights terminate, as provided in Article I, Section 29 of this Master Declaration.

16. "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features. The foregoing include, without limitation, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, carports, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, basketball hoops, poles, signs, exterior tanks, fountains, and exterior air conditioning, cooling, heating and water softening equipment.

17. "Lot" means: each platted lot, including Apartment Lots, Residential Lots and Commercial Lots, shown upon any recorded subdivision map of the real property described on the attached Exhibit A, as the same may be resubdivided or replatted from time to time (subject to the restrictions contained in this Master Declaration); and each Condominium Unit; and any other real property as may hereafter be brought within the jurisdiction of the Master Association, with the exception of the Common Elements, any property owned or leased by a Subassociation, and any publicly dedicated property. Each Lot shall constitute a "unit" under CCIOA and it shall not be necessary to use the term "unit" as a part of a legally sufficient description of a Lot.

18. "Lots that May Be Included" means Five Thousand (5,000) Lots, which shall be the maximum number of Lots that may be subject to this Master Declaration, including the Lots within the property described on the attached Exhibit A and those Lots which may be added if all of the Annexable Area is annexed to this Master Declaration. However, the aforesaid number of Lots that May Be Included is not a representation or a guarantee as to the actual number Lots that will ultimately be included in or constructed as part of the Community.

19. "Master Association" means Murphy Creek Master Association, Inc., a community association as provided in CCIOA.

20. "Master Declarant" means Murphy Creek Development, Inc. and any other Person(s) acting in concert, to whom the Master Declarant, by recorded document, expressly assigns one or more of the Master Declarant's rights under this Master Declaration (which shall be the extent of the Master Declarant's rights to which such assignee succeeds), and who:

- (a) As part of a common promotional plan, offers to dispose of to a purchaser such Master Declarant's interest in a Lot not previously disposed of to a purchaser; or
- (b) Reserves or succeeds to any Special Master Declarant Right.

21. "Master Declaration" means this Master Declaration of Covenants, Conditions and Restrictions of Murphy Creek and any other recorded instruments, however denominated, that

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create this Community, including any supplements and amendments to those instruments and also including, but not limited to, plats and maps.

22. "Member" means all Owners of a Lot collectively or, following termination of the Community, of all former Owners entitled to distributions of proceeds under CCIOA or their heirs, personal representatives, successors or assigns. The Master Association shall have one class of membership. Membership in the Master Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Each Lot shall have one membership and there is only one Member per Lot, even if the Lot is owned by multiple Owners.

23. "Owner" means each fee simple title holder of a Lot, including without limitation, the Master Declarant, Builder, or other Person who owns a Lot, but does not include a Person having an interest in a Lot solely as security for an obligation. There may be more than one Owner of a Lot. The Owner of an Apartment Lot shall be the Owner for purposes of this Master Declaration, and not the lessees or tenants of the Apartment Units.

24. "Period of Master Declarant Control" means a length of time expiring twenty (20) years after initial recording of this Master Declaration in the County in which the property described on the attached Exhibit A is located; provided, that the Period of Master Declarant Control shall terminate no later than the earlier of sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Owners other than a Master Declarant or a Builder, two (2) years after the last conveyance of a Lot by the Master Declarant or a Builder in the ordinary course of business, or two (2) years after any right to add new Lots to the Master Declaration was last exercised.

25. "Person" means a natural person, a corporation, a partnership, an association, a trust, a limited liability company, a joint venture, or any other entity recognized under the laws of the State of Colorado or any combination thereof.

26. "Residential Lot" shall mean any Lot within the Community designated, in this Master Declaration, in a Supplemental Declaration, or in the annexation document(s) covering that Lot, for single family dwelling purposes, including any Condominium Unit so designated.

27. "Security Interest" means an interest in one or more Lots, or personal property, created by contract or conveyance which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Master Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Article IV, Section 11 hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 3 hereof, "Security Interest" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the Office of the Clerk and Recorder of Arapahoe County, Colorado, show the Administrator as having the record title to the Lot.

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28. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (including, for purposes of Article IV, Section 11 hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 3 hereof, the Administrator of Veterans Affairs, an Officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records of the Clerk and Recorder of Arapahoe County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such Person under such Security Interest.

29. "Special Master Declarant Rights" means the following rights, which rights are hereby reserved for the benefit of the Master Declarant, and which rights may be further described in this Master Declaration: to build and complete Improvements in the Community; to exercise any Development Right; to maintain sales offices, construction offices, management offices, and signs advertising the Community and sale of Lots; to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community; to merge or consolidate a Community of the same form of ownership; or to appoint or remove any officer of the Master Association or any Board of Directors member during any Period of Master Declarant Control. All of the Special Master Declarant Rights may be exercised by the Master Declarant with respect to any portion of the property now or hereafter within the Community. Master Declarant may exercise any or all of these Special Master Declarant Rights at any time and from time to time. Such rights shall terminate automatically at such time as Master Declarant no longer owns any portion of the property described on the attached Exhibits A and D.

30. "Subassociation" means any Colorado corporation or Colorado limited liability company and its successors and assigns, organized and established or authorized pursuant to, or in connection with, one or more Supplemental Declarations, the membership of which is composed of Owners of Lots within the area covered by the Supplemental Declaration.

31. "Supplemental Declaration" means a written instrument containing covenants, conditions, restrictions, or equitable servitudes, and/or any other provisions, or any combination thereof, which may be recorded on any portion of the property described in the attached Exhibit A and/or the Annexable Area annexed to this Master Declaration.

32. "Unfinished Lot" means only those Lots which have not been conveyed to the initial Owner other than the Master Declarant or a Builder.

ARTICLE II.
MEMBERSHIP AND VOTING RIGHTS

1. Master Association. The Master Association has been or will be formed as a Colorado corporation under the Colorado Revised Nonprofit Corporation Act. The Master Association shall have the duties, powers and rights set forth in this Master Declaration and in its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Master Association shall have a Board of Directors to manage its affairs; subject to Article III of this Master Declaration, the Board of Directors shall be elected by the Members.

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2. Board of Directors. The affairs of the Master Association shall be managed by a Board of Directors. The number, term and qualifications of the Board of Directors shall be fixed in the Master Association's Articles of Incorporation and Bylaws. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Master Association or to agents and employees of the Master Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Master Association. Action by or on behalf of the Master Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of the Members, except as otherwise specifically provided in this Master Declaration.

3. Voting Rights. Each Member shall be entitled, for each Lot owned, to one or more votes the number of which shall be equal to the numerator of the Allocated Interest attributable to such Lot. No votes allocated to a Lot owned by the Master Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the denominator of the Allocated Interests at the time a vote is taken.

ARTICLE III.
MASTER ASSOCIATION

1. Authority of Board of Directors. Except as provided in this Master Declaration, the Articles of Incorporation, or the Bylaws of the Master Association, the Board of Directors may act in all instances on behalf of the Master Association.

2. Election of Part of the Board of Directors During the Period of Master Declarant Control. No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots to Owners other than a Master Declarant or a Builder, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Owners other than the Master Declarant or a Builder. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots to Owners other than Master Declarant or a Builder, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors must be elected by Owners other than the Master Declarant or a Builder.

3. Authority of Master Declarant During Period of Master Declarant Control. Except as otherwise provided in this Article, during the Period of Master Declarant Control, the Master Declarant or Persons appointed by the Master Declarant may appoint all officers and members of the Board of Directors, and may remove all officers and members of the Board of Directors which have been appointed by the Master Declarant. The Master Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Master Declarant Control; but, in that event, the Master Declarant may require, for the duration of the Period of Master Declarant Control, that specified actions of the Master Association or Board of Directors, as described in a recorded instrument executed by the Master Declarant, be approved by the Master Declarant before they become effective.

4. Termination of Period of Master Declarant Control. Not later than the termination of the Period of Master Declarant Control, the Members shall elect a Board of Directors, at least a majority of whom must be Owners other than the Master Declarant or designated representatives of

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Owners other than the Master Declarant. The Board of Directors shall elect the officers. Such members of the Board of Directors and officers shall take office upon election.

5. Delivery of Property by Master Declarant. After the Members other than the Master Declarant elect a majority of the members of the Board of Directors, the Master Declarant shall deliver to the Master Association all property of the Owners and of the Master Association held by or controlled by the Master Declarant, if and to the extent required by CCIOA.

6. Budget. Within thirty (30) days after adoption of any proposed budget for the Community, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the Master Association budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than fifty (50) days after mailing or other delivery of the summary. Unless at that meeting the budget is rejected by the vote or agreement of Members to which at least eighty percent (80%) of the votes in the Master Association are allocated, then the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

7. Rules and Regulations. Rules and regulations concerning and governing the Lots, Common Elements, and/or this Community may be adopted, amended or repealed from time to time by the Board of Directors, and the Board of Directors may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any of such rules and regulations. The rules and regulations may state procedural requirements, interpretations and applications of the provisions of this Master Declaration, including without limitation, blanket requirements, blanket interpretations, and blanket applications. The Board has the authority to adopt or vary one or more rules and regulations that are different for different types of Lots, that is Residential Lots, Commercial Lots, and Apartment Lots. By way of example, and not by way of limitation, the rules and regulations may state that "reasonable" as used in Article X, Section 4 means a specified number of pets and which number may be different for different types of Lots. Any rules and regulations that are adopted shall be in accordance with, and shall not be inconsistent with or contrary to, this Master Declaration and all provisions hereof.

8. Master Association Books and Records. The Master Association shall make available to Owners, prospective purchasers, Security Interest Holders, and insurers or guarantors of any such Security Interest, current copies of this Master Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Master Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

9. Information Regarding Security Interests. Each Member shall, within twenty (20) days of encumbering such Member's Lot with a Security Interest, and at other times upon request of the Master Association, provide the Master Association with the name and address of such Security Interest Holder, a copy of the instrument(s) creating the Security Interest(s), and the loan number(s) (or other identifying number of such Security Interest(s)). Within twenty (20) days after any change in the name or address of a Security Interest Holder on a Member's Lot,

and at other times upon request of the Master Association, such Member shall provide the aforesaid information to the Master Association with respect to each Security Interest held by such Security Interest Holder.

10. Management Agreements and Other Contracts. Any agreement for professional management of the Master Association's business or other contract providing for the services of the Master Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such management agreement(s) entered into by the Master Association with a manager or managing agent prior to termination of the Period of Master Declarant Control shall be subject to review and approval by HUD or VA, if at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests and HUD or VA require such approval, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Master Declarant Control.

11. Cooperation with Subassociations, Any Other Community Association and/or Any Districts. The Master Association shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with any Subassociations, any other community associations and/or any districts, to share the costs and/or responsibility for any maintenance, repair, reconstruction, or other matters, to perform maintenance, repair or reconstruction for any Person(s) in consideration of payment or reimbursement therefor, to utilize the same contractors, subcontractors, managers, or others who may perform services for the Master Association and/or any Subassociation and/or any other community associations and/or any districts, or to otherwise cooperate with the any of the Subassociations, any other community associations, or any districts, in order to increase consistency or coordination, reduce costs, or as may otherwise be deemed appropriate or beneficial by the Board of Directors in its discretion from time to time. The costs and expenses for all such matters, if any, shall be shared or apportioned between the Master Association and/or any Subassociation and/or any other community associations and/or any districts, as the Board of Directors may determine in its discretion from time to time. Additionally, the Master Association shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with any Subassociation(s) and/or any districts to collect assessments, other charges, or other amounts which may be due to any Subassociation(s) or any districts and to permit any Subassociation(s) and/or any districts to collect assessments, other charges, or other amounts which may be due to the Master Association; in any such instance, the Master Association shall provide for remittance to such Subassociation(s) and/or such districts of any amounts collected by the Master Association or to the Master Association of any amounts collected by such Subassociation(s) or by such districts.

12. Merger. The Master Declarant hereby reserves the right to merge the Master Association with one or more other common interest communities without the approval of any Owner or any other Person. This right shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 hereof.

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ARTICLE IV.
COVENANT FOR ASSESSMENTS

1. Personal Obligation for Assessments. Each Owner of a Lot, including Master Declarant and each Builder, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Master Association: annual assessments or charges, special assessments, and other charges, fines, fees, interest, late charges, and other amounts, all as provided in this Master Declaration; with such assessments and other amounts to be established and collected as hereinafter provided. All amounts payable by Owners to the Master Association pursuant to this Master Declaration, together with interest, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot to which each such amount is applicable. The obligation for such payments by each Owner to the Master Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Master Declaration), and without set-off or deduction. All Owners of each Lot shall be jointly and severally liable to the Master Association for the payment of all assessments, fees, charges and other amounts attributable to their Lot. Each amount, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the amount became due. The personal obligation for delinquent amounts (including assessments) shall not pass to such Owner's successors in title unless expressly assumed by them.

2. Purpose of Assessments. The assessments levied by the Master Association shall be used to promote the recreation, health, safety and welfare of the residents of the Lots, and for all of those purposes and activities which may be required of the Master Association or which the Master Association may be empowered to pursue pursuant to this Master Declaration or the Articles of Incorporation or Bylaws of the Master Association, or by law; provided, however, that such assessments levied during the Period of Master Declarant Control may not be used for the purpose of constructing capital Improvements.

3. Amount of Annual Assessment. The amount of the annual assessment against each Lot shall equal the then-current annual estimated expenses (including reserves) of the Master Association multiplied by the Allocated Interest of such Lot and, if the assessment is not for a full Master Association fiscal year, the resulting number must be multiplied by a fraction the numerator of which is the number of months remaining in such Master Association fiscal year and the denominator of which is twelve; however, such assessment amount does not include any Subassociation or district fees or assessments. Notwithstanding the foregoing, the rate of assessments paid by Unfinished Lots shall be less than those paid by the other Lots, as provided in Section 4 of this Article.

4. Rate of Assessment.

(a) Annual and special assessments shall be sufficient to meet the expected needs of the Master Association and shall be apportioned among the Lots in accordance with their Allocated Interest. Notwithstanding the foregoing, however, the amount of the annual and special assessments against the Unfinished Lots shall be set at a lower rate than that charged against other Lots because the Unfinished Lots receive and benefit

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from fewer services funded by the annual and special assessments than the other Lots. Colorado Revised Statutes §38-33.3-315(3)(b) states that "Any common expense or portion thereof benefiting fewer than all of the units shall be assessed exclusively against the units benefited." Based on this provision, the Unfinished Lots shall pay assessments at the rate of 40% of any annual assessment or special assessment charged to Lots other than Unfinished Lots.

(b) During the Period of Master Declarant Control, the Master Declarant may in its discretion, but shall not be required to, cover certain costs of the Master Association by payment of any amount(s), which shall be treated as an advance against future assessments due from the Master Declarant; provided, however, that any such advances which have not been credited against assessments due from the Master Declarant as of termination of the Period of Master Declarant Control shall then be repaid by the Master Association to the Master Declarant, without interest, to the extent that the Master Association has funds in excess of its working capital funds, reserve funds, and operating expenses to date for the calendar year in which the Period of Master Declarant Control terminates; and provided further, however, that any of such advances which are not repaid to the Master Declarant shall continue to constitute advances against future assessments due from the Master Declarant until conveyance by the Master Declarant of all of the property described on the attached Exhibit D. If the Master Declarant elects in its discretion to pay any amounts as provided in this subparagraph, Master Declarant shall not, under any circumstances, be obligated to continue payment or funding of any such amount(s) in future years.

5. Date of Commencement of Annual Assessments. Annual assessments shall commence at such time as the Board of Directors may determine in its discretion. After any annual assessment has been made by the Master Association, annual assessments shall be based on a budget adopted by the Master Association. A budget shall be so adopted by the Master Association no less frequently than annually. The annual assessments shall be due and payable in semi-annual installments, in advance, on the first day of such semi-annual period or on such other dates, and with such frequency (which may be other than semi-annually, but not less frequently than annually), as the Board of Directors determines in its discretion from time to time, provided that the first annual assessment shall be adjusted to reflect the time remaining in the first Master Association fiscal year. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last payment due.

6. Special Assessments. In addition to the annual assessments authorized in this Article, the Board of Directors may levy, in any fiscal year, with the approval of the votes of sixty-seven percent (67%) of a quorum of the Master Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose, a special assessment applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any portion of real property for which the Master Association has repair and/or reconstruction obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements located on said real property, or for the funding of any expense or deficit incurred by the Master Association. Any such special assessment shall be set against each Lot in accordance

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with the Allocated Interests set forth in this Master Declaration, except that the rate of special assessments against Unfinished Lots shall be determined in accordance with Article IV, Section 4 hereof unless the Board of Directors determines that the services received (or to be received) by the Unfinished Lots from such special assessments is (or will be) substantially the same as that received by Lots that are not Unfinished Lots. A meeting of the Members called for the purpose of considering the establishment of a special assessment shall be held in conformance with Section 7 of this Article. Notwithstanding the foregoing, special assessments levied during the Period of Master Declarant Control may not be used for the purpose of constructing capital Improvements.

7. Notice and Quorum for Any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 of this Article shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the Master Association votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

8. Assessments/Charges for Services to Separate Areas of Community. The Master Association may, at any time from time to time, provide services to any Subassociation or other area(s) (containing less than all of the Lots) in the Community. If such services are not funded by the annual assessments or special assessments, then such services shall be provided, if at all, pursuant to an agreement in writing between the Master Association and such Subassociation or the Owners of the Lots for which such service is to be provided, with such agreement to include a statement and terms for payment of the costs, fees and expenses that are to be paid by such Owners for such services, and which amounts shall include overhead expenses of the Master Association. Services which may be provided by the Master Association pursuant to this Section include, without limitation, (a) the construction, care, operation, management, maintenance, repair, replacement and renovation of Improvements or property owned by such Subassociation or Owner(s); (b) the provision of any services or functions to such area or Subassociation, such as trash removal; (c) the enforcement of the provisions of any Supplemental Declaration or any other document or agreement for, on behalf of, and in the name of the Subassociation or applicable Owners; (d) the collection of assessments for, in the name of, and on behalf of any Subassociation; (e) the payment of taxes or other amounts for a Subassociation or Owners with funds provided by such Subassociation or Owners; (f) the procurement of insurance for a Subassociation or Owners; (g) the collection of charges for use of facilities of a Subassociation; and (h) the appointment and supervision of a manager(s) for a Subassociation or area.

9. Lien for Assessments.

(a) The Master Association has a statutory lien on a Lot for any amount levied against that Lot or the Owner thereof, including for fines imposed against the Lot's Owner. Fees, charges, late charges, attorney fees, fines and interest charged pursuant to this Master Declaration are enforceable as assessments under this Article. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If an assessment is payable in installments, each installment is a lien from the time it becomes

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due, including the due date set by any valid Master Association acceleration of installment obligations.

(b) Recording of this Master Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessments is required. However, the Board of Directors or managing agent of the Master Association may prepare, and record in the county in which the applicable Lot is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot. If a lien is filed, the costs and expenses thereof shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof. The Master Association's lien may be foreclosed in like manner as a mortgage on real estate.

(c) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of assessments becomes due.

10. Priority of Master Association Lien.

(a) A lien under this Article IV is prior to all other liens and encumbrances on a Lot except:

(i) Liens and encumbrances recorded before the recordation of the Master Declaration;

(ii) A Security Interest on the Lot which has priority over all other security interests on the Unit and which was recorded before the date on which the assessment sought to be enforced became delinquent; and

(iii) Liens for real estate taxes and other governmental assessments or charges against the Lot.

(b) A lien under this Section is also prior to the Security Interests described in the preceding subsection (a)(ii) to the extent, if any, provided in CCIOA.

(c) This Section does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other assessments made by the Master Association.

(d) The Master Association's lien on a Lot for assessments and other amounts shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Master Declaration shall constitute a waiver of the homestead and any other exemption as against said Master Association lien.

11. Certificate of Status of Assessments. The Master Association shall furnish to an Owner or such Owner's designee, or to a Security Interest Holder or its designee, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Master Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within

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fourteen (14) calendar days after receipt of the request and is binding on the Master Association, the Board of Directors, and every Owner. If no statement is furnished to the Owner or Security Interest Holder or their designee, delivered personally (including delivery by telefax) or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Master Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request. The Master Association shall have the right to charge a reasonable fee for the issuance of such certificates.

12. Effect of Non-Payment of Assessments: Remedies of the Master Association. Any assessments not paid within ten (10) days after the due date thereof may bear interest from the due date at the rate of twenty-one percent (21%) per annum, or at such lesser rate as may be set from time to time by the Board of Directors, and the Board of Directors may assess thereon a late charge not in excess of Fifty and No/100 Dollars (\$50.00) per month. The Master Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot. If a judgment or decree is obtained, including, without limitation, in a foreclosure action, such judgment or decree shall include reasonable attorney's fee to be fixed by the court, together with the costs of the action, and may include interest and late charges, as above provided. No Owner may be exempt from liability for payment of any assessment by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Lot against which the assessments are made, or because of dissatisfaction with the Master Association or its performance. This Article does not prohibit actions or suits to recover sums for which this Master Declaration creates a lien, nor does this Article prohibit the Master Association from taking a deed in lieu of foreclosure.

13. Surplus Funds. Any surplus funds of the Master Association remaining after payment of or provision for expenses of the Master Association, and any prepayment of or provision for reserves, shall be retained by the Master Association as reserves and need not be paid to the Owners or credited to them to reduce their future assessments.

14. Working Capital Fund. The Master Association shall require the first Owner (other than the Master Declarant or a Builder) of any Lot who purchases that Lot from the Master Declarant or a Builder to make a non-refundable contribution to the Master Association in an amount equal to Two Hundred and 00/100 Dollars (\$200.00) (regardless of whether or not annual assessments have commenced as provided in Section 5 of this Article). Said contribution shall be collected and transferred to the Master Association at the time of closing of the sale by Master Declarant or a Builder of each Lot and shall, until use, be maintained for the use and benefit of the Master Association, including, without limitation, to meet unforeseen expenditures or to purchase additional equipment, property or services. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the sale of his Lot, an Owner shall be entitled to reimbursement at closing (in the form of a credit on the closing settlement statement) from the purchaser of such Lot (but not from the Master Association) for the portion of the aforesaid contribution to working capital fund which has not been used by the Master Association at the time of conveyance of the Lot by such Owner.

15. Other Charges. The Master Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such reasonable amounts(s) as the Board of Directors may determine in its discretion at any time from time to time, including

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reimbursement of charges that are made to the Master Association by its managing agent or other Person: copying of Master Association or other documents; return check charges; charges for telefaxes; long distance telephone calls; transfer charges or fees upon transfer of ownership of a Lot; charges for notices and demand letters; and other charges incurred by the Master Association for or on behalf of any Owner(s). All such charges, costs and fees shall be in addition to the assessments levied by the Master Association, but shall be subject to all of the Master Association's rights with respect to the collection and enforcement of assessments.

16. Assessments for Misconduct. If any Master Association expense is caused by the misconduct of any Owner, as determined by the Board of Directors, the Master Association may assess that Master Association expense exclusively against such Owner and his Lot.

ARTICLE V.
DESIGN REVIEW COMMITTEE

1. Composition of Committee. The Design Review Committee shall consist of two (2) or more persons appointed by the Board of Directors; provided, however, that until automatic termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof, the Master Declarant may appoint the Design Review Committee. The power to "appoint" as provided herein, shall include without limitation the power to: constitute the initial membership of the Design Review Committee; appoint member(s) to the Design Review Committee on the occurrence of any vacancy therein, for whatever reason; and remove any member of the Design Review Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the appointor.

2. Review by Committee. Except as provided in the next sentence and in Section 13 of this Article, no Improvements shall be constructed, erected, placed, planted, applied or installed upon any Lot unless plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, and type of landscaping, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee), shall have been first submitted to and approved in writing by the Design Review Committee. Commercial Lots shall be exempt from this Article. The Design Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures, and that such Improvements are consistent with the Design Guidelines referenced in Section 4 of this Article. In its review of such plans, specifications and other materials and information, the Design Review Committee may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the assessment against the Lot for which the request for Design Review Committee approval was made, but shall be subject to the Master Association's lien for assessments and subject to all other rights of the Master Association for the collection of such assessments, as more fully provided in this Master Declaration.

3. Procedures. The Design Review Committee shall decide each request for approval within forty-five (45) days after the complete submission of all plans, specifications and

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other materials and information which the Committee may require in conjunction therewith. If the Design Review Committee fails to decide any request within forty-five (45) days after the complete submission of all plans, specifications, materials and other information with respect thereto, then the application shall be deemed to have been denied.

4. Design Guidelines. The Design Review Committee, with the advice of the Board of Directors, may, at any time from time to time, enact, issue, promulgate, modify, amend, repeal, re-enact, and enforce, a Design Guidelines Manual for the Community, or other design or architectural guidelines, to interpret and implement the provisions of this Article and the Master Declaration. Without limiting the generality of the foregoing, such provisions may contain guidelines to clarify the types of designs and materials that may be considered in design approval, may state requirements for submissions in order to obtain review by the Committee, may state procedural requirements, and/or may specify acceptable Improvement(s) that may be installed without the prior approval of the Design Review Committee. The Committee shall have the authority to adopt one or more Design Guidelines that are different for different types of structures and/or Lots in the Community. Any architectural or design guidelines so adopted by the Committee shall be consistent, and not in conflict, with this Article and the Master Declaration.

5. Delegation (and Acceptance) of Design Review and Approval. The Master Declarant, during the time when the Master Declarant has the right to appoint the Design Review Committee, and the Board thereafter, may delegate any or all design review and/or approval functions pursuant to this Master Declaration to an architectural/design review committee appointed by one or more Subassociations, and may accept from an architectural/design review committee appointed by one or more Subassociations, delegation of any or all review and/or approval functions of such architectural/design review committee(s). The party with the right to appoint the Design Review Committee may, at any time, determine to reclaim the delegated rights. To reclaim the delegated rights, written notice must be given to the Board of Directors of any Subassociation to which such rights were delegated, that such right is being reclaimed by the Master Association, and the reclamation shall be effective upon receipt of the notice by the Board of Directors of the Subassociation. No delegation of design review and/or approval to any Subassociation shall constitute a waiver of the Master Association's right of design review and/or approval as provided in this Master Declaration.

6. Vote and Appeal. A majority vote of the Design Review Committee is required to approve a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. In the event a representative acting on behalf of the Design Review Committee decides a request for architectural approval which is adverse to the applicant, then the applicant shall have the right to an appeal of such decision to the full Committee, upon a written request therefor submitted to the Committee within thirty (30) days after such decision by the Committee's representative.

7. Prosecution of Work After Approval. After approval of a request for architectural approval, the work to complete the same shall be accomplished as promptly and diligently as possible and in complete conformity with the approval. Either the failure to complete the proposed Improvement within one (1) year after the date of approval of the application therefor, or failure to complete the Improvement in accordance with the description and materials

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furnished to the Committee and the conditions imposed with such approval, shall constitute a violation of this Article.

8. Inspection of Work. The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement prior to, during or after completion of the same, in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance with this Article and any approval therefor granted by the Committee. However, unless the Committee expressly states, in a written document, that an Improvement is being completed or has been completed in conformance with the approval therefor, no such conformance shall be implied from inspection of the Improvement either during the work or after completion thereof.

9. Records. The Design Review Committee shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

10. Variance. The Design Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article X hereof, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or Improvements in the neighborhood and shall not militate against the general intent and purpose hereof.

11. Waivers. The approval or consent of the Design Review Committee, or any representative thereof, to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Committee or any representative thereof as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required.

12. Liability. The Design Review Committee, and any members thereof, shall not be liable in equity or damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within their jurisdiction hereunder. In reviewing any matter, the Design Review Committee shall not be responsible for the safety, whether structural or otherwise of the Improvements submitted for review, nor the conformance with applicable building codes or other governmental laws or regulations, and any approval of an Improvement by the Design Review Committee shall not be deemed an approval of any such matters. No Member or other Person shall be a third party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval granted by the Design Review Committee.

13. Exemption for Master Declarant and Builders.

(a) Notwithstanding anything to the contrary contained in this Master Declaration, until automatic termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof, the Master Declarant shall be exempt from the provisions of this Article.

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(b) Notwithstanding anything to the contrary contained in this Master Declaration, as long as a Builder has received design approval from the Master Declarant, such Builder shall be exempt from the provisions of this Article. The exemption contained in this subsection shall expire upon the termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof.

ARTICLE VI.
INSURANCE

1. Insurance. The Master Association shall maintain insurance in connection with the Common Elements. The Master Association shall maintain insurance as required by applicable law or applicable regulation, including CCIOA, which insurance shall include, without limitation, property insurance, commercial general liability insurance, and fidelity coverage or fidelity bonds. In addition, the Master Association may maintain insurance on such other property, and/or against such other risks as the Board of Directors may elect in its discretion from time to time, including, but not limited to, personal liability insurance to protect directors and officers of the Master Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Master Association.

2. Worker's Compensation Insurance. Subject to the following sentence, if the Master Association performs any work to or on a Lot or the structure(s) thereon, including without limitation any maintenance, repair or replacement, the Master Association shall obtain and maintain worker's compensation insurance. The Master Association need not carry worker's compensation insurance if the work performed by or on behalf of the Master Association is performed by a Person who carries worker's compensation insurance and the Master Association has obtained proof of such insurance. All policies of worker's compensation insurance shall be in conformance with state law.

3. General Provisions of Insurance Policies. Except for worker's compensation insurance which shall comply with Section 2 of this Article, all policies of insurance carried by the Master Association shall comply with this Section. All policies of insurance carried by the Master Association shall be carried in blanket policy form naming the Master Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Master Association. Additionally, each Owner and each Security Interest Holder shall be beneficiaries of the policy in a percentage equal to the Owner's Allocated Interest. The policy or policies shall contain a standard non-contributory Security Interest Holder's clause in favor of each Security Interest Holder and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until at least thirty (30) days' prior written notice thereof is given to the insured and each Security Interest Holder, insurer or guarantor of a Security Interest. The Master Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including Security Interest Holders, upon request. All policies of insurance carried by the Master Association shall also contain waivers of subrogation. All policies shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Master Association.

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4. Deductibles. The Master Association may adopt and establish written non-discriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. Any loss, or any portion thereof, which falls within the deductible portion of a policy that is carried by the Master Association, shall be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or destroyed, may be apportioned among the Persons sharing in a joint duty of repair and maintenance, and/or may be partly or wholly borne by the Master Association, at the election of the Board of Directors. Notwithstanding the foregoing, after notice and hearing, the Master Association may determine that a loss, either in the form of a deductible to be paid by the Master Association or an uninsured loss, resulted from the act or negligence of one or more Owners. Upon said determination by the Master Association, any such loss or portion thereof may be assessed to the Owner(s) in question in such amount(s) as the Board of Directors deems appropriate, and the Master Association may collect such amount(s) from said Owner(s) in the same manner as any assessment.

5. Payment of Insurance Proceeds. Any loss covered by an insurance policy described in Section 1 of this Article must be adjusted with the Master Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Master Association, and not to any Security Interest Holder. The insurance trustee or the Master Association shall hold any insurance proceeds in trust for the Master Association, Owners and Security Interest Holders as their interests may appear. Subject to the provisions of Section 1 of Article VII of this Master Declaration, the proceeds must be disbursed first for the repair or restoration of the damaged property; and the Master Association, Owners and Security Interest Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored and any budget or reserve deficit funded, or unless the Community is terminated.

6. Master Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Master Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Master Association policy, such Master Association policy shall be primary insurance not contributing with any of such other insurance. An Owner shall be liable to the Master Association for the amount of any diminution of insurance proceeds to the Master Association as a result of policies of insurance of an Owner, and the Master Association may collect the amount from said Owner in the same manner as any assessment. Any such Owner's policy shall also contain waivers of subrogation.

7. Acceptable Insurance Companies. Each insurance policy purchased by the Master Association must be written by an insurance carrier which is authorized by law to do business in the State of Colorado. The Master Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

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8. Insurance to be Maintained by Owners. An insurance policy issued to the Master Association does not eliminate the need for Owners to obtain insurance for their own benefit. Insurance coverage on Improvements located on a Lot (unless the Subassociation, if any, with jurisdiction over such Lot elects in its discretion to carry such insurance), as well as on personal property belonging to an Owner, and public liability insurance coverage on each Lot, shall be the responsibility of the Owner of such Lot.

9. Annual Review of Insurance Policies. All insurance policies carried by the Master Association shall be reviewed at least annually by the Board of Directors to ascertain that the coverage provided by such policies adequately covers those risks intended to be insured by the Master Association.

ARTICLE VII.
DAMAGE OR DESTRUCTION

1. Damage or Destruction.

(a) Any portion of the Community for which casualty insurance is required to be carried by the Master Association under this Master Declaration which is damaged or destroyed must be repaired or replaced promptly by the Master Association unless:

(i) The Community is terminated;

(ii) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

(iii) Sixty-seven percent (67%) of the Members, including every Member whose Lot will not be rebuilt, vote not to rebuild; or

(iv) Prior to conveyance of any Lot to a Person other than the Master Declarant, a Security Interest Holder rightfully demands all or a substantial part of the insurance proceeds;

(b) The cost of repair or replacement that is covered by insurance carried by the Master Association, but which is in excess of insurance proceeds and reserves, is a Master Association expense. If the entire Community is not repaired or replaced, the insurance proceeds attributable thereto must be used to restore the damaged area to a condition compatible with the remainder of the Community and, except to the extent that other Persons will be distributees, the remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the assessment liability of all the Lots. If the Members vote not to rebuild any Lot, that Lot's Allocated Interests are automatically reallocated upon the vote as if the Lot had been condemned as provided in Article XIV, Section 13 hereof, and the Master Association promptly shall prepare, execute and record an amendment to the Master Declaration reflecting such reallocations.

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2. Lots. Except as otherwise provided in Section 1 of this Article, any damage to or destruction of any structure located on a Lot shall be promptly repaired and reconstructed by the Owner(s) thereof. "Repaired and reconstructed," as used in this Section, shall mean restoring the structure to substantially the same condition in which it existed immediately prior to such damage or destruction, including having the same boundaries as before. However, if a structure located on a Lot shall be destroyed or so damaged that the structure is no longer habitable or useable for the purpose for which it was constructed, then the Owner of such Lot shall, within a reasonable time not to exceed 120 days after the event resulting in such damage or destruction, either commence and diligently pursue repair or reconstruction of the structure or demolish the same; provided, however, that no Owner of a Lot on which a Condominium Unit or attached structure is located may elect to demolish such Condominium Unit or attached structure unless all Condominium Units, and all attached structures, on such Lot are demolished. Demolition of a structure shall include removal of any foundation slab, basement walls and floors, regrading of the Lot to a level condition, and the installation of such landscaping as may be required by the Design Review Committee pursuant to a plan submitted to said Committee by the Owner of said Lot. If the Owner of a Lot does not either commence repair, reconstruction or demolition activities (if demolition is a permitted option) within a reasonable time, as provided above, and diligently pursue the same in conformance with the plans approved by the Design Review Committee, then the Master Association may, in its reasonable discretion, after providing the notice required in Article VIII, Section 3 hereof, enter upon the Lot for the purpose of completing such repair and reconstruction or demolishing the structure and then landscape the Lot in conformance with approved plans. The cost related to such repair and reconstruction or demolition and landscaping shall be the personal obligation of the Owner of the Lot on which such work is performed and shall be subject to all the terms and provisions applicable to assessments as provided in Article IV hereof, including without limitation, interest, late charges, attorneys' fees and lien rights.

ARTICLE VIII.
EXTERIOR MAINTENANCE

1. Insurance. The Master Association shall carry, or shall ensure that its contractors carry, worker's compensation insurance as provided in Article VI at any time that the Master Association performs, or causes to be performed, maintenance, repair or replacement.

2. General.

(a) Maintenance, repair or replacement of the Common Elements and all Improvements located thereon, and of any drainage structure or facilities, or other public Improvements required by the local governmental entity as a condition of development of the Community or any part thereof, shall be the responsibility of the Master Association unless such Improvements have been dedicated to and accepted by the local governmental entity for the purpose of maintenance, repair or replacement or unless such maintenance, repair or replacement has been authorized by law to be performed by a special district or other municipal or quasi-municipal entity. Without limiting the generality of the foregoing, the Master Association shall maintain and repair the Common Elements described or shown on the attached Exhibit B, and the Improvements thereon. Further, the Master Association may provide such other maintenance, repair and replacement as the Board of Directors deems appropriate from time to time, including without limitation publicly-dedicated property and Improvements located thereon. The costs to be expended for such

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maintenance and repair shall, subject to Section 5 of this Article, be collected by the Master Association as assessments as provided in Article IV hereof.

(b) Except as provided in subsection (a) above, or pursuant to Article IV, Section 8 of this Master Declaration, the maintenance, repair and replacement of each Lot, and the Improvements thereon, shall be the responsibility of the Owner of such Lot. Additionally, each Owner shall be responsible for maintaining all landscaping to the edge of the street(s) to which such Owner's Lot is adjacent, including any landscaped area between a sidewalk and such street(s).

3. Master Association's Right to Repair, Maintain and Reconstruct. In the event any Owner shall fail to perform his maintenance, repair and/or reconstruction obligations in a manner satisfactory to the Board of Directors, the Master Association may, if said failure continues for a thirty (30) day period after written notice to said Owners by the Board, enter upon said Lot subsequent to the expiration of said thirty (30) day time period to perform any or all of such maintenance, repair or reconstruction. The cost of such maintenance, repair or reconstruction shall be the personal obligation of the Owner of the Lot on which such work is performed, and shall be subject to all of the terms and provisions applicable to assessments as provided in Article IV hereof including, without limitation, interest, late charges and lien rights.

4. Maintenance of and Non-Interference with Grade and Drainage; Some Irrigation Recommendations Around Foundations and Slabs.

(a) Each Owner shall maintain the grading on his Lot (including grading around the building foundation), and the Association shall maintain the grading on the Common Elements, at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes, so as to maintain the established drainage. Each Owner and the Association agree, for themselves and their successors and assigns, that they will not in any way interfere with the established drainage pattern over any real property which they have a duty to maintain, from adjoining or other real property. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading by the Master Declarant is completed.

(b) The Owner of a Lot should not plant flower beds (especially annuals), vegetable gardens and other landscaping which requires regular watering, within five (5) feet of the foundation of the structure, or within five (5) feet of any slab, on the Lot. If evergreen shrubbery is located within five (5) feet of any foundation wall or slab, then the Owner of the Lot should water such shrubbery by "controlled hand-watering," and should avoid excessive watering. Further, piping and heads for sprinkler systems should not be installed within five (5) feet of foundation walls and slabs.

5. Acts or Omissions. Notwithstanding anything to the contrary contained in this Master Declaration, in the event that the need for maintenance, repair or reconstruction of the Common Elements, a Lot, or any Improvements located thereon, is caused by the act or omission of any Owner, or by the act or omission of any member of such Owner's family or by a tenant, guest or invitee of such Owner, the cost of such repair, maintenance, reconstruction or expense to avoid such damage shall be the personal obligation of such Owner to the extent that said Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses and fees incurred by the Master Association for such maintenance, repair or

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reconstruction shall be added to the assessment to which such Owner's Lot is subject and shall be subject to all of the terms and provisions of Article IV of this Master Declaration. A determination of the act or omission of any Owner, or any member of an Owner's family or a tenant, guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Master Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

ARTICLE IX.
EASEMENTS

1. Other Easements. In addition to any other easements which may be granted or reserved elsewhere in this Master Declaration, the following Sections describe easements to which the Community is or may be subject.

2. Maintenance, Repair and Replacement Easement. Each Owner hereby grants to the Master Association and the other Owners, and to their agents and employees and contractors, a right and easement on, over, across and through such Owner's Lot (except for the residence on such Lot) for maintenance, repair and replacement as provided in this Master Declaration. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Lot, the Owner responsible for the damage or expense to avoid damage, or the Master Association if it is responsible, is liable for the cost of prompt repair. Further, each Lot shall be subject to an easement in favor of the Master Association (including its agents, employees and contractors) for performing maintenance, repair and/or reconstruction as provided in Article VIII during reasonable hours after reasonable notice to the Owners or occupants of any affected Lot, except that in emergency situations entry upon a Lot may be made at any time provided that the Owner or occupants of each affected Lot shall be warned of impending emergency entry as early as is reasonably possible.

3. Utilities Easement. Master Declarant hereby reserves a blanket easement upon, across, over and under the Common Elements for utilities and the installation, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, computer cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Master Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall automatically terminate at such time as the Special Master Declarant Rights terminate as provided in Article I, Section 29 hereof, at which time said reserved right shall vest in the Master Association. The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

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4. Easement for Encroachments. To the extent that any Lot or Common Elements encroaches on any other Lot or Common Elements, a valid easement for the encroachment exists.

5. Drainage Easement. In addition to those drainage easements which may be shown on the plat(s) of the Community, Master Declarant hereby reserves, to itself and to the Master Association, easements for drainage or drainage facilities across the five (5) rear and five (5) side feet of each Lot. No Improvements shall be placed or permitted to remain on any Lot nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water through channels or swales within such rear and side yard drainage easements. Master Declarant reserves to itself and to the Master Association the right to enter in and upon each five foot rear and side yard drainage easements, at any time, to construct, repair, replace or change drainage structures or to perform such grading, drainage or corrective work as Master Declarant or the Master Association may deem necessary or desirable in their sole discretion from time to time; provided, however, that such right and authority shall automatically terminate at such time as the Special Master Declarant Rights terminate as provided in Article I, Section 29 hereof, at which time said reserved right shall vest solely in the Master Association.

6. Easement for Unannexed Property. The Master Declarant hereby reserves, for the use and benefit of the Annexable Area, a non-exclusive, perpetual easement and right-of-way for pedestrian and vehicular access, ingress and egress, on, over and across the roads, driveways, streets, sidewalks, accessways and similar Common Elements, now or hereafter constructed, erected, installed or located in or on the Community, and on, over, across and under the Common Elements for utilities and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement and use of any utilities Improvements that may now or hereafter serve the Annexable Area or any portion thereof (herein the "Annexable Area Easement"). By virtue of this Annexable Area Easement, the Master Declarant generally intends to provide for pedestrian and vehicular access and for utilities services, to those portion(s) of the Annexable Area which have not been included, from time to time, in the Community pursuant to Article XIV, Section 5 hereof. Hence, the Annexable Area Easement shall be in effect for each portion of the Annexable Area, from and after recording of this Master Declaration, but shall cease to be effective as to each portion of the Annexable Area at such time as both of the following have occurred with respect to such portion of the Annexable Area: annexation of such portion of the Annexable Area to this Master Declaration pursuant to the aforesaid Section; and expiration of the Master Declarant's right to withdraw such portion of the Annexable Area from this Master Declaration.

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ARTICLE X.
RESTRICTIONS

1. General Plan. It is the intention of the Master Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Residential Lots and Apartment Lots. The use of individual Apartment Units or Residential Lots may also be subject to lease terms or other restrictions more restrictive than this Article, which restrictions may be adopted by the Owner of such Lot. Commercial Lots are expressly exempted from the provisions of this Article.

2. Restrictions Imposed. This Community is subject to the recorded easements, licenses and other matters listed on Exhibit C, attached hereto and incorporated herein by this reference. In addition, the Master Declarant declares that all of the Residential Lots and Apartment Lots (and the Apartment Units thereon) shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in this Master Declaration.

3. Residential Use. Subject to Section 7 of Article XIV, Residential Lots and Apartment Units shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes; provided, however, that an Owner or tenant may use his Residential Lot or Apartment Unit for professional or home occupation(s) so long as the applicable zoning permits such use, there is no external evidence thereof, the amount of traffic or the number of persons in the community is not increased as a result of such usage, and no unreasonable inconvenience to other residents of the Lots is created thereby.

4. Household Pets. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on the Residential Lots or Apartment Lots; provided, however, that the Owners of each Residential Lot and the tenants of each Apartment Unit may keep a reasonable number of dogs, cats, or other domestic animals which are bona fide household pets (other than pot-bellied pigs), so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Lots. The Master Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner or tenant is otherwise in violation of the provisions of this Section, and to take such action or actions as it deems appropriate to correct the same. An Owner's or tenant's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Master Association as a result of such pets, and any such costs and damages shall be subject to all of the Master Association's rights with respect to the collection and enforcement of assessments as provided in Article IV hereof.

5. Temporary Structures; Unsightly Conditions. Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed (except as otherwise provided in Section 6(h) of this Article), or outbuilding shall be placed or erected upon any Residential Lot or Apartment Lot; provided, however, that during the actual

construction, alteration, repair or remodeling of a structure or other Improvements, necessary temporary structures for storage of materials and construction offices may be erected and maintained by the person doing such work. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Residential Lot or Apartment Lot (including the Apartment Units thereon) as to be visible from a street or from any other Lot.

6. Miscellaneous Improvements.

(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Residential Lot or Apartment Lot (including the Apartment Units thereon) other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House," "For Rent" or security sign(s) of not more than a total of five (5) square feet; provided, however, each Apartment Lot shall be entitled to five (5) square feet of signage for each five (5) Apartment Units located on such Apartment Lot. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Master Declarant and/or any Builder (with the written consent of the Master Declarant) in connection with the sale or rental of the Lots, or otherwise in connection with development of or construction on the Lots, shall be permissible.

(b) No wood piles or storage areas shall be so located on any Residential Lot or Apartment Lot as to be visible from a street or from the ground level of any other Lot.

(c) No types of refrigerating, cooling or heating apparatus shall be permitted on a roof and no such apparatus shall be permitted elsewhere on a Residential Lot or Apartment Lot (including the Apartment Units thereon), except when appropriately screened and approved by the Design Review Committee subject to any provisions of the Design Guidelines.

(d) Except as may otherwise be permitted by the Design Review Committee, subject to any provisions of the Design Guidelines, no exterior radio antenna, television antenna, or other antenna, satellite dish, or audio or visual reception device of any type shall be placed, erected or maintained on any Residential Lot or Apartment Lot (including the Apartment Units thereon), except inside a residence or otherwise concealed from view; provided, however, that any such devices may be erected or installed by the Master Declarant during its sales or construction upon the Lots; and provided further, however, that the requirements of this subsection shall not apply to those "antennae" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996, as amended from time to time, or regulations adopted thereunder. As to "antennae" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996, as amended, or regulations adopted thereunder, the Master Association shall be empowered to adopt rules and regulations governing the types of "antennae" (including certain satellite dishes) that are permissible and, to the extent permitted by the Telecommunications Act of 1996, as amended, or regulations adopted thereunder, establishing reasonable, non-discriminatory restrictions or requirements relating to appearance, safety, location and maintenance.

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(e) Except as provided in the following sentence, no fences shall be permitted except, subject to any provisions of the Design Guidelines, with the prior, written approval of the Design Review Committee. However, the foregoing requirement for approval by the Committee shall not apply to such fences as may be constructed, installed or located by the Master Declarant prior to expiration of the Special Master Declarant Rights as provided in Article I, Section 29 hereof, nor to fences constructed, installed or located by a Builder with the prior written approval of the Master Declarant prior to expiration of the Special Master Declarant Rights as provided in Article I, Section 29 hereof.

(f) No wind generators, clotheslines, drying yards, or service yards, shall be constructed, installed, erected or maintained on any Residential Lot or Apartment Lot (including the Apartment Units thereon).

(g) Dog runs shall be permitted on Residential Lots only with the prior approval of the Design Review Committee, subject to any provisions of the Design Guidelines and shall not be permitted on Apartment Lots.

(h) Notwithstanding Section 5 of this Article, permanent storage sheds shall be permitted on Residential Lots but only with the prior approval of the Design Review Committee, subject to any provisions of the Design Guidelines. Permanent storage sheds shall not be permitted on Apartment Lots.

7. Vehicular Parking, Storage and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, jet ski, boat, or accessories thereto, truck (excluding pickup trucks that are 1 ton or less), self-contained motorized recreational vehicle, or other type of recreational or commercial vehicle or equipment, may be parked or stored on an Apartment Lot, nor on any Residential Lot, unless such parking or storage is entirely within the garage area of any Residential Lot or will be suitably screened from view in accordance with the requirements, and prior written approval of, the Design Review Committee (subject to any provisions of the Design Guidelines). However, any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles which are necessary for construction or maintenance of any portion of the Community or any Improvements located thereon.

(b) Except as otherwise provided in this and the next sentence, no recreation vehicles, or disassembled or partially disassembled vehicles of any type, shall be parked, stored, maintained, or used in the front yard or driveway of any Residential Lot (unless such parking or storage will be within the fully enclosed garage of a Residential Lot) or Apartment Lot (unless such parking or storage will be suitably screened from view in accordance with the requirements, and prior written approval, of the Design Review Committee). However, recreation vehicles and motor homes may be temporarily parked for a maximum of three (3) consecutive days in the driveway of a Residential Lot or the parking lot of an Apartment Lot. Recreation vehicles shall include, but not be limited to, motorhomes, pick-up trucks with camper shells, trailers, motorcycles, motorbikes,

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snowmobiles, jet skis, all-terrain vehicles, and other apparatus intended for use on land, water, or the air, and the trailers used for their transportation.

(c) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of forty-eight (48) hours or longer, or which does not have an operable propulsion system installed therein, or which is not then currently registered and licensed; provided, however, that otherwise permitted vehicles parked by Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness shall not be deemed to be abandoned.

(d) In the event the Master Association shall determine that a vehicle is parked or stored on any Residential Lot or Apartment Lot in violation of subsections (a), (b), or (c) of this Section, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the Master Association in its discretion from time to time, the Master Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

(e) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers or boats, may be performed or conducted in the Community unless it is done within completely enclosed structure(s) which screen the sight and sound of the activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

8. Nuisances. No nuisance shall be permitted in the Community nor any use, activity or practice which is a source of annoyance or embarrassment to, or which offends or disturbs the resident of any Lot or which interferes with the peaceful enjoyment or possession and proper use of any Lot, or any portion thereof, by its residents. As used herein, the term "nuisance" shall not include any activities of Master Declarant or a Builder which are reasonably necessary to the development and construction of, and sales activities in, the Community; provided, however, that such activities of the Master Declarant and Builders shall not unreasonably interfere with any Owner's use and enjoyment of his Lot, or with any Owner's ingress and egress to or from his Lot and a public way. No noxious or offensive activity shall be carried on in the Community nor shall anything be done or placed in the Community which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Further, no improper, offensive or unlawful use shall be permitted in the Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Community, or any portion thereof, shall be observed.

9. No Hazardous Activities; No Hazardous Materials or Chemicals. No activities shall be conducted on any Residential Lot, any Apartment Lot, or within Improvements constructed on any Residential Lot or Apartment Lot which are or might be unsafe or hazardous to any person or

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property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Residential Lot or Apartment Lot (including the Apartment Units thereon) and no open fires shall be lighted or permitted on any Residential Lot or Apartment Lot (including the Apartment Units thereon) except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace, or except such campfires or picnic fires on property which may be designated for such use by the Master Association. Further, no hazardous materials or chemicals shall at any time be located, kept or stored in, on or at any Residential Lot or Apartment Lot (including the Apartment Units thereon) except such as may be contained in household products normally kept at homes for use of the residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

10. No Annoying Light, Sounds or Odors. No light shall be emitted from any Residential Lot or Apartment Lot (including the Apartment Units thereon) which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Residential Lot or Apartment Lot (including the Apartment Units thereon) which is unreasonably loud or annoying; and no odor shall be permitted from any Residential Lot or Apartment Lot (including the Apartment Units thereon) which is noxious or offensive to others. Any exterior lighting installed or maintained on a Residential Lot, Apartment Lot or Improvements(s) shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property.

11. Restrictions on Trash and Materials. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Residential Lot, or inside the Apartment Units on an Apartment Lot, nor shall any such items be deposited on a street, unless placed in a suitable container suitably located solely for the purpose of garbage pickup. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

12. Lots to be Maintained. Each Residential Lot and Apartment Lot shall at all times be kept in a clean, sightly and wholesome condition by the Owner thereof. No trash, litter, junk, boxes, containers, bottles, cans, implements or machinery shall be permitted to remain upon any Residential Lot or Apartment Lot except as necessary during the period of construction or as provided in Section 11 of this Article.

13. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Residential Lot or an Apartment Lot (including the Apartment Units thereon), or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Residential Lot or Apartment Lot (including the Apartment Units thereon), or any portion thereof, under the following conditions:

(a) All leases shall be in writing; and

(b) All leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of this Master Declaration, and the Articles of Incorporation, Bylaws and rules and regulations of the

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Master Association; and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

14. Landscaping of Residential Lots. Those portions of each Residential Lot (on which has been constructed a detached single residential dwelling) that are not used for Improvements shall be landscaped utilizing long-lived ground cover, sod, shrubs, trees and other materials. Short-lived and non-living, durable landscape materials may be utilized only as a supplement to long-lived elements. Every Residential Lot improved with a detached single residential dwelling shall be landscaped by the first Owner thereof (other than Master Declarant or a Builder), with the prior, written approval of the Design Review Committee: within one hundred eighty (180) days after acquisition of such Residential Lot by such Owner from the Master Declarant or a Builder, if such acquisition occurs during the growing season (from April 1 through October 1 of each year); and during the next growing season if such acquisition does not occur during the growing season. The landscaping of each Residential Lot (on which has been constructed a detached single residential dwelling), having once been installed, shall be maintained by the Owner thereof in a neat, attractive, sightly and well kept condition, which shall include lawns mowed, hedges trimmed, adequate watering, replacement of dead, diseased or unsightly materials, removal of weeds and debris and appropriate pruning of plant materials. If any Owner of a Residential Lot fails or refuses to install or maintain landscaping, as hereinabove provided, then the Master Association may, at the direction of the Board of Directors, enter upon such Residential Lot (but not inside the residence thereon) and install or maintain landscaping on such Residential Lot and the Owner thereof shall be obligated to pay for the same, in accordance with and subject to the provisions of Article VIII, Section 3 hereof.

ARTICLE XI.
PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. Owners' Easements of Enjoyment. Subject to this Article, every Owner shall have a non-exclusive right and easement for the purpose of access to their Lots and for use for all other purposes, in and to the Common Elements, and such easement shall be appurtenant to and shall pass with the title to every Lot. However: no use shall be made of the Common Elements which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Elements; no Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Elements to all Members, nor shall any Owner place any structure whatsoever upon the Common Elements; and no use shall ever be made of the Common Elements which will deny ingress and egress to those Owners having access to their Lots only over Common Elements, and the right of ingress and egress to said Lots is hereby expressly granted.

2. Extent of Owners' Easements. In addition to the foregoing limitations and the other provisions of this Master Declaration, the rights and easements of enjoyment created hereby shall be subject to the following (which are hereby granted):

- (a) The right of the Master Association to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Master Association may not subject any portion of the Common Elements to a Security Interest except in accordance with CCIOA; and

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(b) The right of the Master Association to take such steps as are reasonably necessary to protect the Common Elements against foreclosure; and

(c) The right of the Master Association to promulgate and publish rules and regulations with which each Member shall strictly comply, including, but not limited to, the right of the Master Association to regulate and/or restrict vehicular parking and Improvements; and

(d) The right of the Master Association to suspend the voting rights of a Member for any period during which any assessment against his Lot remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Master Association Bylaws or the rules and regulations of the Master Association; and

(e) The right of the Master Association to dedicate or transfer all or any part of the Common Elements owned by the Master Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless the same is done in accordance with CCIOA. Notwithstanding the foregoing, the granting of permits, licenses and easements for public utilities, roads or for other purposes reasonably necessary or useful for the proper maintenance or operation of the Community shall not be deemed a transfer within the meaning of this subsection; and

(f) The right of the Master Association, through its Board of Directors, to enter into, make, perform or enforce any contracts, leases, agreements, licenses, easements and rights-of-way, for the use of real property or Improvements by Owners, other Persons, their family members, guests and invitees, for any purpose(s) the Board of Directors may deem to be useful, beneficial or otherwise appropriate; and

(g) The right of the Master Association to close or limit the use of the Common Elements while maintaining, repairing and making replacements in the Common Elements.

3. Master Declarant's Use of Common Elements. An easement is hereby granted to the Master Declarant through the Common Elements as may be reasonably necessary for the purpose of discharging any of Master Declarant's obligations or exercising any rights of the Master Declarant, including without limitation Special Master Declarant Rights. No Owner shall engage in any activity which will temporarily or permanently interfere with this easement through the Common Elements.

4. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Elements and facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

5. Payment of Taxes or Insurance by Security Interest Holders. Security Interest Holders shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the

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lapse of a policy for the Common Elements, and any Security Interest Holders making any such payments shall be owed immediate reimbursement therefor from the Master Association.

6. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a Security Interest by the Master Association only in accordance with CCIOA and this Master Declaration.

7. Designation of Common Elements. Master Declarant in recording this Master Declaration has designated certain areas of land as Common Elements intended for the common use and enjoyment of Owners for recreation and other related activities, as provided in this Master Declaration and other applicable documents. The Common Elements owned by the Master Association is not dedicated hereby for use by the general public.

8. Duty to Accept Property and Facilities Transferred by Master Declarant. The Master Association shall accept title to any Common Elements, including Improvements thereon, as well as personal property, equipment, and easements, transferred to the Master Association by the Master Declarant, together with responsibility to perform all duties and functions of the Master Association which are set forth in this Master Declaration or otherwise assumed by the Master Association. As of the date of recording of this Master Declaration, interests which are planned to be transferred by the Master Declarant to the Master Association are planned to consist only of fee simple title to Common Elements to be located in the property described on the attached Exhibit A and/or the Annexable Area and/or easements.

ARTICLE XII.
SECURITY INTERESTS IN CONDOMINIUM UNITS

1. Applicability of Article. Until and unless, a Condominium Unit which is designated as a Residential Lot is included within the Community, this Article shall not apply. This Article shall become applicable upon, and only upon, subjection to this Master Declaration of any Condominium Unit which is designated as a Residential Lot.

2. Approval by Members and Security Interest Holders of First Security Interests on Residential Lots. Notwithstanding any provisions of this Master Declaration to the contrary, the Master Association shall not:

(a) except as provided by statute, in case of condemnation or substantial loss to the Lots and/or Common Elements, unless it has obtained the prior written approval of the Owners (other than the Master Declarant) casting at least sixty-seven percent (67%) of the votes in the Master Association or of those Security Interest Holders holding at least sixty-seven percent (67%) of the first Security Interests in Residential Lots (based upon one vote for each such first Security Interest owned) in the Community:

- (i) by act or omission seek to abandon or terminate the Community;
- (ii) change the pro rata interest or obligations of any Lot in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Lot in

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the Common Elements (however, this requirement will be deemed waived to the extent necessary to allow phasing, add-ons, or annexations in accordance with this Master Declaration);

(iii) partition or subdivide any Lot;

(iv) seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements by act or omission. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Master Association is not a transfer within the meaning of this clause. (However, this requirement will be deemed waived to the extent necessary to allow phasing, add-ons, or annexations, in accordance with this Master Declaration);

(v) use hazard insurance proceeds for losses to any property (whether Lots or Common Elements) for other than the repair, replacement, or reconstruction of such property.

(b) Unless it has obtained the consent of Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Master Association, and of Security Interest Holders of first Security Interests in Residential Lots who represent at least fifty-one percent (51%) of the Residential Lots in the Community that are subject to such first Security Interests (and who have submitted a written request that the Master Association notify them of any proposed action requiring the consent of a specified percentage of Security Interest Holders of first Security Interests), add or amend any material provisions of this Master Declaration, the Articles of Incorporation or Bylaws of the Master Association which govern any of the following, provided that the implied approval of any Security Interest Holder of a first Security Interest shall be assumed if such Security Interest Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after such Security Interest Holder receives proper notice of the proposal delivered by certified or registered mail with a "return receipt" requested:

(i) voting rights;

(ii) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of assessment liens;

(iii) reductions in reserves for maintenance, repair, and replacement of the Common Elements;

(iv) responsibility for maintenance and repairs;

(v) reallocation of interests in the Common Elements, or rights to their use;

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- (vi) redefinition of any Lot boundaries;
 - (vii) convertibility of Lots into Common Elements or vice versa;
 - (viii) expansion or contraction of the Community, or the addition, annexation or withdrawal of property to or from the Community;
 - (ix) hazard or fidelity insurance requirements;
 - (x) imposition of any restrictions on the leasing of Lots;
 - (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;
 - (xii) a decision by the Master Association (if the Community consists of fifty (50) or more Lots) to establish self-management if professional management had been required previously by the Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association, or by a Security Interest Holder of a first Security Interest on a Residential Lot;
 - (xiii) restoration or repair of the Community (after a damage or partial condemnation) in a manner other than that specified in this Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association; or
 - (xiv) any provisions that expressly benefit Security Interest Holders of Security Interests on Residential Lots, or insurers or guarantors of Security Interests on Residential Lots.

3. Termination of Legal Status. Any action to terminate the legal status of the Community after substantial destruction or condemnation occurs shall be agreed to by Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Master Association and by Security Interest Holders of first Security Interests on Residential Lots who have submitted a written request that the Master Association notify them on any proposed action requiring the consent of a specified percentage of Security Interest Holders of first Security Interests and who represent at least fifty-one percent (51%) of the votes of the Residential Lots that are subject to such first Security Interests. Termination of the legal status of the Community for reasons other than substantial destruction or condemnation of the Community shall be permitted if agreed to by Security Interest Holders of first Security Interests on Residential Lots who have submitted a written request that the Master Association notify them of any proposed action requiring the consent of a specified percentage of such Security Interest Holders and who represent at least sixty-seven percent (67%) of the votes of the Residential Lots subject to first Security Interests.

4. Notice of Action. Upon written request to the Master Association, identifying the name and address of the Security Interest Holder of a first Security Interest on a Residential Lot or insurer or guarantor of the first Security Interest, and the residence address of the Residential Lot which is subject to such first Security Interest, each Security Interest Holder of a first

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Security Interest on a Residential Lot, or insurer or guarantor of a first Security Interest on a Residential Lot, shall be entitled to timely written notice of:

(a) any condemnation loss or casualty loss which affects either a material portion of the Community or any Residential Lot subject to a first Security Interest held, insured or guaranteed by such Security Interest Holder, insurer or guarantor of a first Security Interest;

(b) any delinquency in the payment of assessments or charges owed to the Master Association by the Owner of the Residential Lot subject to a first Security Interest held, insured or guaranteed by such Security Interest Holder, insurer or guarantor, when such delinquency remains uncured for a period of sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Master Association; and

(d) any proposed action that requires the consent of a specified percentage of Security Interest Holders of first Security Interests on Residential Lots as provided in this Article.

5. Audit. At any time after the date when the Community includes at least fifty (50) Lots, the Master Association shall provide an audited statement for the preceding fiscal year to any Security Interest Holder of a first Security Interest on a Residential Lot, insurer or guarantor of any first Security Interest on a Residential Lot, who submits a written request for such audit; and such audit shall be made available within one hundred twenty (120) days of the Master Association's fiscal year end. When the Community consists of fewer than fifty (50) Lots and there is not an audited statement available, any Security Interest Holder of a Security Interest on a Residential Lot will be allowed to have an audited statement prepared at its own expense.

6. Confirmation of Rights of Security Interest Holders of First Security Interests. No provision of this Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association give (or are intended to give) any Owner, or any other party, priority over any rights of the Security Interest Holder of a first Security Interest, pursuant to its first Security Interest, in the case of payment to the Owner of insurance proceeds or condemnation awards for losses to or taking of Lots and/or Common Elements.

ARTICLE XIII.
DISPUTE RESOLUTION

1. Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.

(a) Each Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Party covenants and agrees to submit all Claims each alleges to have to the procedures set forth in this Article.

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(b) By acceptance of a deed for a Lot, each Owner agrees to abide by the terms of this Article.

(c) No Claim (as defined below) may be initiated after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitation or statute of repose.

2. Definitions Applicable to this Article. For purposes of this Article only, the following terms have the meanings set forth in this Section:

(a) "AAA" means the American Arbitration Association.

(b) "Party" means each of the following: Master Declarant, its officers, directors, partners, members, employees and agents; the Master Association, its officers, directors and committee members; all persons subject to this Master Declaration; any builder, its officers, directors, partners, members, employees and agents; and any person not otherwise subject to this Master Declaration who agrees to submit to this Article.

(c) "Claimant" means any Party having a Claim.

(d) "Claim" means, except as exempted by the terms of this Article, any claim, grievance or dispute between one or more Parties and one or more other Parties, regardless of how the same may have arisen or on what it might be based, including without limitation those arising out of or related to (i) the interpretation, application or enforcement of any of the Governing Documents or the rights, obligations and duties of any Party under any of the Governing Documents; (ii) the design, maintenance, repair or construction of improvements; (iii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Party.

(e) "Governing Documents" means this Master Declaration, the Articles of Incorporation of the Master Association, the Bylaws of the Master Association, and any rules and regulations or design guidelines adopted by the Board of Directors.

(f) "Inspecting Party" means a Party causing an inspection of the Subject Property to be made.

(g) "Respondent" means any Party against whom a Claimant asserts a Claim.

(h) "Subject Property" means the property being inspected pursuant to the inspection right provided in Section 7 of this Article.

(i) "Termination of Mediation" means a period of time expiring thirty (30) days after a mediator has been agreed upon by the parties (however, a mediator shall be selected no later than forty-five (45) days after the Claimant has given notice to the Respondent of the Claim and if the parties are unable to agree on a mediator, one shall be chosen by the AAA) and the matter has been submitted to mediation (or within such other time as determined by the mediator or agreed to by the Claimant and Respondent) and upon the expiration of which the Claimant and Respondent have not settled the Claim.

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3. Approval Required for Master Association Actions. Except as provided in Section 6 of this Article, the approval of seventy-five percent (75%) of a quorum (as provided in Section 4 of this Article) of the Master Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose, or voting pursuant to written ballot, must be obtained before the Master Association shall have the power to institute action on any Claim pursuant to this Article, or to make any counterclaim or cross-claim in any lawsuit or other action brought against the Master Association. Such approval must be obtained in accordance with the requirements of Section 4 of this Article.

4. Notice and Quorum for Association Actions. Written notice of any meeting of Members which includes a vote pursuant to Section 3 of this Article shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. Such written notice, or if the vote is to be by written ballot then such written ballot, shall include the following information:

(a) A statement regarding the nature of the Claim. Such statement shall include, without limitation, the name(s) of the proposed Respondent(s), the basis and reason for the Claim, and any other information necessary to adequately explain the nature of the proposed Claim; and

(b) A good-faith estimate of the costs and fees, including the fees of consultants, expert witnesses and attorneys, reasonably anticipated to be incurred by or for the Master Association in prosecuting the Claim, with such estimate prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

(c) A statement advising Members that the cost and fees of prosecuting any Claim may substantially increase the amount of assessments payable by the Owners to the Master Association; and

(d) A good-faith estimate of the manner in which any moneys reasonably anticipated to be recovered from the Claim will be distributed or paid to consultants, expert witnesses, the Master Association, its attorney(s) and any others, prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

(e) A good-faith estimate of the projected time frame for resolution of the Claim; and

(f) All terms and provision of the agreement between the Master Association and the attorney(s) the Board proposes to have prosecute the Claim.

The present of Members or of proxies, or if by ballot then receipt by the Association of written ballots, entitled to cast sixty-seven percent (67%) of all of the Master Association votes, shall constitute a quorum at any meeting at which the Members vote on approval of any Claim the Master Association wishes to bring.

5. Required Form of Proxy or Ballot. Each written proxy, and each ballot, which purports to vote on, or authorize a vote on, approval of the Master Association bringing a Claim shall contain the following statement:

Despite the fact that my annual assessments may be significantly increased by the costs and fees associated with the proposed claim, I/we APPROVE the authority of the Master Association to bring such claim.

6. Exclusions from "Claim". Unless specifically exempted by this Article, all Claims between any of the Parties shall be subject to the provisions of this Article. Notwithstanding the foregoing, unless all Parties thereto otherwise agree, "Claim" does not include the following, whether such are brought by direct action, counterclaim or cross-claim, and the same shall not be subject to the provisions of this Article:

- (a) an action by the Master Association to enforce the provisions of Article IV of this Master Declaration; and
- (b) an action by the Master Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to enforce any of the provisions of Article X of this Declaration or of Article V of this Declaration; and
- (c) any suit between or among Owners, which does not include Master Declarant, a Builder or the Master Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; and
- (d) any suit in which any indispensable party is not a Party.

7. Right to Inspect and Correct. Prior to any Party commencing any proceeding to which another Party is a party, including but not limited to an alleged defect of any Improvement, the Respondent shall have the right to be heard by the Claimant and, if any Claimant is the Master Association, by the Members, and to access, inspect, and correct the condition of, or redesign any portion of, any Improvement as to which a defect is alleged or otherwise correct the alleged dispute; provided, however, any correction to, or redesign of, an Improvement shall be made upon terms and conditions acceptable to all affected Parties. In the exercise of the inspection rights contained herein, the Inspecting Party shall:

- (a) Be careful to avoid unreasonable intrusion upon, or harm, damage or costs, to the affected Party including, without limitation, using its best efforts to avoid causing any damage to, or interference with, any Improvements to the Subject Property;
- (b) Minimize any disruption or inconvenience to any person who occupies the Subject Property;
- (c) Remove daily all debris caused by the inspection and located on the Subject Property; and

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(d) In a reasonable and timely manner, at the sole cost and expense of the Inspecting Party, promptly remove all equipment and materials from the Subject Property and repair and replace all damage, and restore the Subject Property to the condition of the Subject Property as of the date of the inspection unless the Subject Property is to be immediately repaired.

(e) The Inspecting Party shall not permit any lien, claim or other encumbrance arising from the exercise of its right to inspect to accrue against or attach to the Subject Property. The Inspecting Party shall indemnify, defend, and hold harmless the affected Owners and their tenants, guests, employees and agents, against any and all liability, claims, demands, losses, costs and damages incurred, including court costs and attorneys' fees, resulting from any breach of this Section by the Inspecting Party.

8. Mandatory Procedures.

(a) *Good Faith Negotiations.* The Parties shall make every reasonable effort to meet in person and confer for the purposes of resolving the Claim by good faith negotiation. Any Party may be represented by attorneys and independent consultants to assist such Party in negotiations and to attend meetings.

(b) *Notice.* Prior to proceeding with any claim against a Respondent, each Claimant shall give a notice to each Respondent, which notice shall state plainly and concisely:

(i) the nature of the Claim, including all persons involved and Respondent's role in the Claim;

(ii) the legal or contractual basis of the Claim (i.e., the specific authority out of which the Claim arises); and

(iii) the specific relief and/or proposed remedy sought.

(c) *Mediation.*

(i) If the Parties do not resolve the Claim through negotiations within thirty days after submission of the Claim to the Respondent(s), Claimant shall have an additional thirty (30) days to submit the Claim to mediation under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(ii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

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(iii) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(iv) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

(v) If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with this Section and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including without limitation, attorneys' fees and court costs.

(d) *Binding Arbitration.*

(i) Upon Termination of Mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the parties to the Claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(ii) Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the arbitrator or the court shall award reasonable attorneys' fees and expenses incurred in defending such contests, including those incurred in trial or on appeal, to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

(iii) The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all parties to the Claim.

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9. Liability for Failure of Master Association to Maintain an Action. No director or officer of the Master Association shall be liable to any person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (i) the director or officer was acting within the scope of his or her duties; (ii) the director or officer was acting in good faith; and (iii) the act or omission was not willful, wanton or grossly negligent.

10. Severability. All provisions of this Article are severable. Invalidation of any of the provisions of this Article, by judgment, court order or otherwise, shall in no way affect or limit the other provisions of this Article, which shall remain in full force and effect.

11. Amendment. Notwithstanding anything to the contrary contained in this Declaration, this Article shall not be amended unless such amendment is approved by Members to which at least eighty percent (80%) of the votes in the Master Association are allocated.

ARTICLE XIV.
GENERAL PROVISIONS

1. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Master Declaration, the Articles of Incorporation, Bylaws or rules and regulations of the Master Association, as amended, may be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision. The Master Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings, and the Master Association shall further have the right to levy and collect fines for the violation of any provision of any of the aforesaid documents. For each claim, including, but not limited to, counterclaims, cross claims and third-party claims, in any proceeding to enforce the provisions of CCIOA or of the Master Declaration, Articles of Incorporation, Bylaws or rules and regulations of the Master Association, the court shall award to the party prevailing on such claim the prevailing party's reasonable collection costs and attorney fees and costs incurred in asserting or defending the claim. Failure by the Master Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter.

2. Severability. All provisions of this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association, are severable. Invalidation of any of the provisions of any such documents, by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

3. Conflict of Provisions. In case of any conflict between this Master Declaration and the Articles of Incorporation or Bylaws of the Master Association, this Master Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Master Association, the Articles of Incorporation shall control.

4. Conflict with CCIOA. In the event that any of the terms or provisions of this Master Declaration are in conflict or inconsistent with CCIOA, the terms or provisions of CCIOA shall control and govern. In case of any such conflict or inconsistency, the applicable

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terms and provisions contained in this Master Declaration shall, to the extent possible, be construed in accordance with CCIOA, and any conflict with or violation of CCIOA by any terms or provisions of this Master Declaration shall not affect, void, or render unenforceable any other term or provision of this Master Declaration (which shall be in full force and effect in accordance with their terms.).

5. Annexation; Withdrawal:

(a) Additional property may be annexed to this Master Declaration with the consent, at the time such annexation is to be effective, of Members casting sixty-seven percent (67%) of the Master Association votes and with the consent, at the time such annexation is to be effective, of the owner of the property to be annexed.

(b) Notwithstanding the foregoing, the Master Declarant may annex to this Master Declaration the Annexable Area or any portion(s) thereof, until termination of this right as provided below, without consent of any other Owners, Security Interest Holders, or any other Person; however, such annexation is subject to a determination by HUD or VA (if the Master Declarant desires to attempt to obtain HUD or VA approval of the property being annexed and HUD or VA require such approval) that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements. The right of annexation that is provided for in this subsection shall expire upon automatic termination of the Special Master Declarant Rights, as more fully provided in Article I, Section 29 of this Master Declaration. Each annexation shall be effected, if at all, by recording an Annexation of Additional Land in the Office of the Clerk and Recorder of the County in which the annexed property is located, which document shall:

(i) provide for annexation to this Master Declaration of the property described in such Annexation of Additional Land;

(ii) shall identify the owner(s) of the Lots thereby created;

(iii) shall assign an identifying number to each new Lot;

(iv) shall describe any Common Elements within the property being annexed;

(v) shall reallocate the Allocated Interests;

(vi) shall state the classification(s) (apartment, residential or commercial) of the Lots described therein; and

(vii) may include such other provisions as the Master Declarant deems appropriate. Other provisions that may be included in an Annexation of Additional Land or Supplemental Declaration include, without limitation, covenants, conditions, restrictions, requirements and/or other provisions, in addition to or different from those contained elsewhere in this Master Declaration,

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that apply or will apply to some or all of the property that is thereby being annexed to this Master Declaration. By way of example, and not by way of limitation, architectural and use restrictions may be imposed on Commercial Lots.

(c) In addition to the rights contained in subsection (b) of this Section, the Master Declarant (or any Builder so designated by the Master Declarant) may annex to this Master Declaration the Annexable Area or any portion(s) thereof, until automatic expiration of the Special Master Declarant Rights, as provided in Article I, Section 29 of this Master Declaration by recording a deed by which a Residential Lot is conveyed by the Master Declarant (or any Builder so designated by the Master Declarant), each of which deeds shall be deemed to include the following provisions whether or not such provisions are contained in such deed: The Residential Lot described in such deed shall be annexed to this Master Declaration; and the lot (or lot and block) designation of such Residential Lot shall be the identifying number assigned to such Residential Lot; and the Allocated Interest appurtenant to such Residential Lot shall be that fraction determined in accordance with Article I, Section 2 of this Master Declaration. Each annexation which is accomplished by recording of a deed in accordance with this subsection shall be deemed to be effective upon the date of recording of such deed notwithstanding the foregoing, a deed which does not convey a Residential Lot from the Master Declarant (or any Builder so designated by the Master Declarant) shall not be an annexing deed as provided in this subsection, nor shall a deed which otherwise complies with this subsection if the same states on its face that it is not an "annexing deed".

Per Title
22:11(1)(2)
(lawyer who
drafted CCIOA)
ANNEXATION
BEGINS AT
CLOSING FOR
TITLE TO AD.

(d) Except as otherwise specifically stated in the Annexation of Additional Land, all provisions of this Master Declaration, including, but not limited to, those provisions regarding obligations to pay assessments to the Master Association and any right to cast votes as Members, shall apply to annexed property immediately upon the effective date of the Annexation of Additional Land (which shall constitute the date of recording of the Annexation of Additional Land unless otherwise stated therein). The Master Declarant's right to annex the Annexable Area without approval shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 of this Master Declaration.

(e) Subsequent to the date of recording hereof, each Person who purchases any portion of the property described on the attached Exhibit D ("Parcel"), will have agreed pursuant to applicable documents that such Parcel will be governed by this Master Declaration. The Master Declarant, therefore, reserves the right (but not the obligation) during the time period set forth in subsection (b) of this Section to annex the Parcel to the Master Declaration without further authorization from the Person who has purchased such Parcel, even if such annexation occurs subsequent to conveyance of the Parcel by Master Declarant.

(f) The property which is described on the attached Exhibit A and each portion of the Community which is annexed to this Master Declaration by the Master Declarant shall be subject to a right of withdrawal by the Master Declarant. Such withdrawal may be accomplished, if at all, in accordance with CCIOA. However, the Master Declarant's right to withdraw each such portion of the Community shall expire and terminate, as to each

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portion of the Community, upon the first conveyance of any Lot in such portion of the Community to any Person other than the Master Declarant, but in any event, no later than automatic termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof.

6. Subdivision or Replatting of Lots. The Master Declarant hereby reserves the right to subdivide or replat any Lot(s) owned by the Master Declarant in the Community. Without limiting the generality of the foregoing, the Master Declarant reserves the right to move any Lot line(s) on Lot(s) owned by the Master Declarant, for the purpose of accommodating Improvements which are constructed or are to be constructed; provided that such Lot line adjustments, if any, shall not change the number of Lots in the Community at the time each such Lot line adjustment is approved by the applicable governmental entity. The rights provided for in this Section shall terminate automatically upon termination of the Special Master Declarant Rights, as provided in Article I, Section 29 hereof. No Lot may be further subdivided from that existing at the time such Lot becomes subject to this Master Declaration, except by Master Declarant.

7. Master Declarant's and Builder's Use. Notwithstanding anything to the contrary contained in this Master Declaration, it shall be expressly permissible and proper for Master Declarant, its employees, agents, and contractors, as well as any Builder (but only with the written consent of the Master Declarant), to perform such reasonable activities, and to maintain upon portions of the Lots and the Common Elements such facilities as Master Declarant deems reasonably necessary or incidental to the construction and sale of Lots, rental of Apartment Units, and development and construction of Improvements. The foregoing includes, without limitation, locating, maintaining and relocating management offices, signs, model units, construction offices, and sales offices, in such numbers, of such sizes, and at such locations as it determines in its reasonable discretion from time to time. Further, nothing contained in this Master Declaration shall limit the rights of Master Declarant or require the Master Declarant to obtain approvals: (a) to excavate, cut, fill or grade any property (with the consent of the Owner thereof) or to construct, alter, demolish or replace any Improvements; (b) to use any Improvements on any property (with the consent of the Owner thereof) as a construction, management, model home or sales or leasing office in connection with the development, construction or sale of any property; and/or (c) to require Master Declarant to seek or obtain any approvals under this Master Declaration or any Supplemental Declaration for any such activity. Any real estate used as a sales office, management office, or a model, shall be a Lot or part of a Lot.

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8. Duration, Revocation, and Amendment.

(a) Each and every provision of this Master Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Master Declaration, after which time this Master Declaration shall be automatically extended for successive periods of ten (10) years each. Except as otherwise provided in this Master Declaration, this Master Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Owners holding more than fifty percent (50%) of the Allocated Interests; provided, however, while Master Declarant owns any portion of the property described on Exhibit A, no amendment may be made to this Master Declaration except with the affirmative vote or agreement of Members holding ninety percent (90%) of the Allocated Interests.

(b) Every amendment, if any, to the Master Declaration must be done in compliance with CCIOA.

(c) Notwithstanding anything to the contrary contained in this Master Declaration, the Master Declaration may be amended in whole or in part, at any time from time to time, by the Master Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to comply with the requirements, standards, or guidelines of any of the Agencies or of recognized secondary mortgage markets. Such right of amendment shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 hereof.

(d) Notwithstanding anything to the contrary contained in this Master Declaration, this Master Declaration, or any map or plat, may be amended in whole or in part, at any time from time to time, by the Master Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to correct clerical, typographical, or technical errors. Such right of amendment shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 hereof.

(e) Except as to amendments which may be made by the Master Declarant, amendments to the Master Declaration may be prepared, executed, recorded, and certified by any officer of the Master Association designated for that purpose or, in the absence of designation, by the president of the Master Association. Such certification shall, in the case of an amendment requiring the approval of Owners, certify that the Master Association has received the requisite approvals. Amendments to this Master Declaration which may be made by the Master Declarant pursuant to this Master Declaration or as permitted by CCIOA, may be signed by the Master Declarant and shall require no other signatory.

9. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, shall register his mailing address with the Master Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by either registered or certified mail, postage prepaid,

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addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Master Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Board of Directors or the Master Association during the Period of Master Declarant Control shall be sent by registered or certified mail, postage prepaid, c/o Murphy Creek Development, Inc., 30 Cherry Hills Farm Drive, Cherry Hills, Colorado 80110, unless such address is changed by the Master Association during the Period of Master Declarant Control; subsequent to termination of the Period of Master Declarant Control, the Master Association shall notify the Owners of a different address for notices which may be done not less often than biannually with the office of the Colorado Secretary of State.

10. HUD or VA Approval. During the Period of Master Declarant Control, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests and HUD or VA require such approval: annexation of additional real property (if the Master Declarant desires to obtain VA or HUD approval of the property that is being annexed and HUD or VA requires such approval); amendment of this Master Declaration, except as provided in Sections 8(c) and (d) of this Article; termination of this Community; or merger or consolidation of the Master Association, except as provided in Article III, Section 12.

11. Termination of Community. The Community may be terminated only in accordance with CCIOA.

12. Transfer of Special Master Declarant Rights. A Special Master Declarant Right created or reserved under this Master Declaration may be transferred only by an instrument evidencing the transfer recorded in every county in which any portion of the Community is located, and in accordance with CCIOA.

13. Eminent Domain. The taking by eminent domain of a Lot(s) or Common Element(s), or any portion thereof, shall be done in accordance with applicable law, including without limitation CCIOA.

14. Limitation on Liability. The Master Association, the Board of Directors, the Design Review Committee, the Master Declarant, any Builder, and the officers, directors, members, partners, agents and employees of the same, shall not be liable to any Person for any action or for any failure to act unless the action or failure to act was not in good faith and was done or withheld with malice.

15. No Representations, Guaranties or Warranties. No representations, guaranties or warranties of any kind, express or implied, shall be deemed to have been given or made by Master Declarant, the Master Association, the Board of Directors, the Design Review Committee, any Builder, or by any of their officers, directors, members, partners, agents or employees, in connection with any portion of the Community, or any Improvement, its or their physical condition, structural integrity, freedom from defects, zoning, compliance with applicable laws, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

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16. Disclaimer Regarding Safety. MASTER DECLARANT, THE BUILDERS, THE MASTER ASSOCIATION, THE BOARD OF DIRECTORS AND THE DESIGN REVIEW COMMITTEE, AND THEIR OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT MASTER DECLARANT, THE BUILDERS, THE MASTER ASSOCIATION, THE BOARD OF DIRECTORS AND THE DESIGN REVIEW COMMITTEE, AND THEIR OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION, BYLAWS AND RULES AND REGULATIONS OF THE MASTER ASSOCIATION, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY.

17. Headings. The Article, Section and subsection headings in this Master Declaration are inserted for convenience of reference only, do not constitute a part of this Master Declaration, and in no way define, describe or limit the scope or intent of this Master Declaration or any of the provisions hereof.

18. Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

19. Run with Land; Binding Upon Successors. The benefits, burdens and all other provisions contained in this Master Declaration shall be covenants running with and binding upon this Community and all real property and Improvements which are not now or hereafter become a part thereof. The benefits, burdens and all other provisions contained in this Master Declaration shall be binding upon, and inure to the benefit of the Master Declarant, the Master Association and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns.

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IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 31 day of May, 2001.

MURPHY CREEK DEVELOPMENT, INC., a Colorado corporation

By: [Signature]
Its: Michael Sheldon, vice president

STATE OF COLORADO)
COUNTY OF Denver) ss.

The foregoing instrument was acknowledged before me this: 31 day of May, 2001, by Michael A. Sheldon as vice president of Murphy Creek Development, Inc., a Colorado corporation.

Witness my hand and official seal.

(S EAT) HEW D. GORDON
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 01-17-2005

Notary Public [Signature]
My Commission Expires: [Signature]

ajr/hba inc/murphy creek/master declaration for murphy creek 20006.36002/5/30/01 8:37 AM

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EXHIBIT A
TO
MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
MURPHY CREEK

(Community)

Lot 34, Block 1, Murphy Creek Subdivision Filing No. 1, according to the Plat thereof recorded February 14, 2001, at Reception No. B1020969, in the records of the Clerk and Recorder for Arapahoe County, Colorado.

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EXHIBIT B
TO
MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
MURPHY CREEK

(Common Elements)

None at the time of recording of this Master Declaration.

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EXHIBIT C
TO
MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
MURPHY CREEK

(Certain Title Exceptions)

If recorded, the following documents are recorded in the office of the Clerk and Recorder of Arapahoe County, Colorado:

1. Taxes and assessments for the year of recording of this Master Declaration and for subsequent years, not yet due and payable.
2. Reservations by the Union Pacific Land Company of:
 - (a) All oil, coal and other minerals underlying the subject property;
 - (b) The exclusive right to prospect for, mine and remove oil, coal and other minerals; and
 - (c) The right of ingress and egress and regress to prospect for, mine and remove oil, coal and other minerals, all as contained in Deed recorded February 25, 1913, in Book 66 at Page 19.

Note: Mineral Deed recorded April 1, 1977, in Book 2568 at Page 677

Note: Oil and Gas Lease recorded April 19, 1977, in Book 2576 at Page 181

Note: Ratification of Leases recorded January 14, 1991, in Book 6080 at Page 258.

Note: Release and Quit Claim Deed recorded November 23, 1998, under Reception No. A8189797.
3. Terms, conditions and provisions of School Site Agreement, recorded July 2, 1986, in Book 4806 at Page 161.
4. Terms, conditions and provisions of Annexation Agreement recorded April 30, 1987, in Book 5130 at Page 136 and Amendment thereto recorded January 18, 1996, under Reception No. A6006727.
5. Covenants as contained in Quit Claim Deed recorded December 30, 1993, in Book 7336 at Page 793.
6. Terms, conditions and provisions of ordinances rezoning portions of said land recorded November 16, 1995, at Reception Nos. A5121908, A5121910, A5121911, A5121912, A5121913, A5121919, A5121921, A5121922 and A5121924.

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7. Terms, conditions and provisions of Murphy Creek General Development Plan recorded January 18, 1996, at Reception No. A6006638.
8. Terms, conditions and provisions of Golf Course Development Agreement recorded January 18, 1996, at Reception No. A6006724 and Amendment thereto recorded February 10, 2000, under Reception No. B0016428.
9. Terms, conditions and provisions of Air Rights Covenant and Avigation Easement recorded December 28, 1999, at Reception No. A9201908.
10. Terms, conditions and provisions of Murphy Creek Development Agreement recorded February 10, 2000, at Reception No. B0016427.
11. Terms, conditions and provisions of Murphy Creek Filing No. 1 Site Plan with waiver recorded July 12, 2000, at Reception No. B0085009.
12. Terms, conditions and provisions of Murphy Creek Filing No. 3 Site Plan and waiver recorded December 21, 2000, at Reception No. B0164589.
13. Terms, conditions and provisions of Murphy Creek Subdivision Filing No. 4 Site Plan recorded May 7, 2001, at Reception No. B1032374.
14. Easements, conditions, restrictions and reservations on the recorded Plat of Murphy Creek Subdivision Filing No. 1.
15. Easements, conditions, restrictions and reservations on the recorded Plat of Murphy Creek Subdivision Filing No. 3.
16. Easements, conditions, restrictions and reservations on the recorded Plat of Murphy Creek Subdivision Filing No. 4.
17. Any tax, lien, fee or assessment by reason of inclusion of property in Murphy Creek Metropolitan District No. 3, as evidenced by instrument recorded April 27, 2001, under Reception No. B1064000 and by instrument recorded May 23, 2001, under Reception No. B1080755.
18. Terms, conditions and provisions of an Airport Influence Notice.
19. Terms, conditions and provisions of Golf Course Waiver and Disclaimer.
20. Terms, conditions and provisions of Landfill Proximity Notice.
21. Terms, conditions and provisions of Prepaid Development Fee Agreement.

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EXHIBIT D
TO
MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
MURPHY CREEK
(Annexable Property)

EXHIBIT D

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Murphy Creek 05/28/01
197 Overall

Property Description

A part of the Northeast $\frac{1}{4}$ of Section 24, T. 4 S., R. 66 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows;

Commencing at the Southeast corner of said Northeast $\frac{1}{4}$ of Section 24;

Thence S 89°36'30" W, along the South line of said Northeast $\frac{1}{4}$, a distance of 30.00 feet to the POINT OF BEGINNING;

Thence S 89°36'30" W, along said South line of the Northeast $\frac{1}{4}$, a distance of 123.30 feet to a point on the Easterly line of State Highway No. 30;

Thence along said Easterly line the following two (2) courses:

1. along the arc of a curve to the left whose center bears S 71°05'47" W through a delta of 17°14'57", a radius of 3870.00 feet and an arc length of 1165.09 feet;
2. N 36°12'26" W, a distance of 1948.12 feet to a point 30.00 feet Southerly of the North line of said Northeast $\frac{1}{4}$ of Section 24, said point also being on the Southerly line of Mississippi Avenue;

Thence N 89°34'34" E, along said Southerly line of Mississippi Avenue and along a line 30.00 feet South of and parallel with said North line of the Northeast $\frac{1}{4}$, a distance of 1799.68 feet to a point 30.00 feet West of the East line of said Northeast $\frac{1}{4}$ of Section 24;

Thence S 00°14'19" E, along a line 30.00 feet West of and parallel with said East line of the Northeast $\frac{1}{4}$, a distance of 2613.69 feet to the POINT OF BEGINNING.

AND

All of Section 19 except the East 210 feet thereof and all of Section 30 except the East 210 feet and the South 210 feet thereof, T. 4 S., R. 65 W., of the 6th P.M., City of Aurora, County of Arapahoe, State of Colorado

EXCEPTING AND EXCLUDING THEREFROM

ANY PORTION OF THE FOLLOWING DESCRIBED EIGHT (8) PARCELS OF LAND;

Any portion of Homestead at Murphy Creek Subdivision Filing No. 1, a subdivision plat recorded in the office of the Arapahoe County Clerk and Recorder in Plat Book 161 at Pages 48-52;

Any portion of a Right of Way dedication as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. A7131896, dated 10/17/97;

Any portion of Right of Way dedications as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. B0072747, dated 6/16/2000;

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Murphy Creek
5/28/01 - #197 Overall
Page 2

Any portion of Right of Way dedications as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. B0066211, dated 6/02/2000;

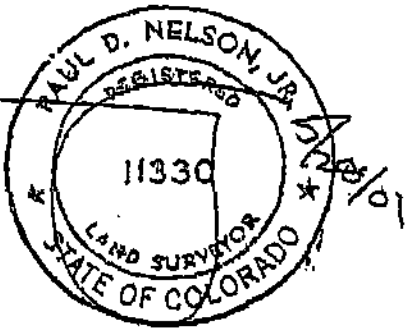
Any Portion of Right of Way dedications as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. B1014742, dated 2/01/2001;

Any portion of the Southerly 238.72 feet of the Westerly 573.3 feet of Section 19, T. 4. S., R. 65 W., of the 6th P.M., County of Arapahoe, State of Colorado;

Any portion of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$, of Section 30, T. 4 S., R. 65 W., of the 6th P.M., County of Arapahoe, State of Colorado;

Any portion of land lying within existing Public Right of Way of U.S. Highway No. 30, Gun Club Road, East Mississippi Avenue, East Jewell Avenue and/or Harvest Mile Road;

Paul D. Nelson, Jr., L.S. #11330
as to description only



OFFICE OF THE COUNTY CLERK AND RECORDER
ARAPAHOE COUNTY, COLORADO
5/28/01

**ACTION BY CONSENT IN LIEU OF THE ORGANIZATIONAL MEETING OF
MURPHY CREEK MASTER ASSOCIATION, INC.
(a Colorado nonprofit corporation)**

The following action is taken by consent of the Board of Directors of Murphy Creek Master Association, Inc., a Colorado nonprofit corporation (the "Master Association"), in lieu of the Organizational Meeting, in accordance with Section 7-128-202 of the Colorado Revised Nonprofit Corporation Act.

The following Resolutions are hereby adopted:

RESOLVED: That the Board of Directors as set forth in the Articles of Incorporation of the Master Association, that were filed with the Colorado Secretary of State on May 29th, 2001, are hereby ratified and confirmed. Therefore, the following Directors are appointed to serve until their successors are appointed or elected and shall qualify, or until they shall resign or be removed as Directors: Michael Sheldon, Scott Alpert, and Charles Bransfield;

RESOLVED: That the Bylaws attached hereto as Exhibit A and incorporated herein by this reference are adopted as the Bylaws of the Master Association;

RESOLVED: That the following named persons shall be appointed to serve in the following offices, until their respective successors shall be elected or appointed and shall qualify, or until they shall resign or be removed from office:

President:	Scott Alpert
Vice President:	Michael Sheldon
Secretary/Treasurer:	Charles Bransfield

RESOLVED: That, as provided in Article IV, Sections 3 and 5 of the Master Declaration, the Board of Directors, at its discretion, has not yet determined the amount of the homeowners association assessments or the date of commencement of such assessments, but such will be determined by the Board at a later time;

RESOLVED: That the Board acknowledges that pursuant to Article V, Section 1 of the Master Declaration, the Master Declarant (which is Murphy Creek Development, Inc.) has the authority to appoint a Design Review Committee ("Committee") until automatic expiration of the Special Master Declarant Rights as provided in the Master Declaration. The Committee consists of two (2) or more persons and may at any time, from time to time, appoint a representative to act on its behalf. The Board acknowledges the receipt of a letter from the Master Declarant designating Scott Alpert and Charles Bransfield to serve on the Committee;

RESOLVED: That the Seal, an impression of which is set on these Minutes, is hereby adopted as the Seal of the Master Association;

RESOLVED: That the Master Association's Minute Book be and hereby is adopted as the record book of the Master Association;

RESOLVED: That the Treasurer of the Master Association be and hereby is authorized to pay all charges and expenses incident to or arising out of the organization of the Master Association, and to reimburse all persons who have made any disbursement therefor;

RESOLVED: That the Master Association ratifies the actions of the President of the Master Association to take any and all actions necessary to obtain an Employer Identification Number from the Internal Revenue Service, including but not limited to completion, execution and filing of IRS Form SS-4 (Application for an Employer Identification Number) and IRS Form 8821 (Tax Information Authorization) with the Internal Revenue Service;

RESOLVED: That the Treasurer, or any other officer designated by the Treasurer, be and hereby is authorized to open a bank account on behalf of the Master Association in accordance with a corporate resolution;

RESOLVED: That an office of the Master Association be established and maintained at 30 Cherry Hills Farm Drive, Cherry Hills, Colorado 80110, and that meetings of the Board of Directors from time to time may be held either at the principal office or at such other place as the Board of Directors shall from time to time order;

RESOLVED: That the President of the Master Association, or any other officer designated by the President, be and hereby is authorized, empowered and directed to obtain policies of insurance as provided in the Master Declaration or as required by Colorado law;

RESOLVED: That the Board of Directors has determined that it may be in the best interest of the Master Association to have it managed by a professional management company and that the President of the Master Association, or any other officer designated by the President, be and hereby is authorized, empowered and directed on behalf of the Master Association, to negotiate, execute and deliver a contract (and all other related documents as they may deem appropriate) with a professional management company, for the management of the Master Association; such approval to be conclusively evidenced by the execution and delivery thereof;

RESOLVED: That the Master Association proceed to carry on the business for which it was incorporated;

RESOLVED: That the signing of this Consent shall constitute full ratification hereof; and further

RESOLVED: That the above Resolutions shall be effective May 29, 2001, regardless of the date of execution.

DIRECTORS:

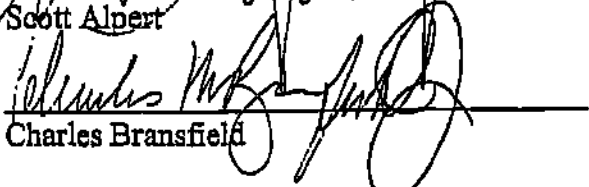


Attorney-in-Fact

Michael Sheldon by Matthew D. Gordon
As Attorney-in-Fact



Scott Alpert



Charles Bransfield