REORGANIZATION AGREEMENT

THIS AGREEMENT is made and entered into this 20th day of December, 1988, by and between the KEN-CARYL RANCH METROPOLITAN DISTRICT ("District") and the KEN-CARYL RANCH MASTER ASSOCIATION ("Master Association") (together the "Parties").

RECITALS

WHEREAS, the District was organized under Title 32, Article 1 of the Colorado Revised Statutes to provide park and recreation, transportation, television relay and transmission and mosquito control services; and

WHEREAS, the District is a quasi-municipal corporation and political subdivision of the State of Colorado, approved at an election held April 26, 1988 and created by Court Order April 28, 1988; and

WHEREAS, the Master Association is a Colorado not-for-profit corporation organized under Chapter 31, Article 24 of the Colorado Revised Statutes; and

WHEREAS, the Master Association was organized pursuant to a Certificate of Incorporation issued June 4, 1974 by the Colorado Secretary of State; and

WHEREAS, pursuant to the Ken-Caryl Ranch Master Declaration of Covenants, Conditions and Restrictions, the Master Association currently provides park and recreation, cable television, covenant control and other services to the area of
the Ken-Caryl Ranch, as defined by the Master Declaration; and

WHEREAS, pursuant to C.R.S. Section 32-1-1001(1)(d), (h)
and (i), the District has the power to enter into contracts or
agreements affecting the affairs of the District, and to manage,
control, and supervise all of the business of the District; and

WHEREAS, the public health, safety and welfare of the
inhabitants of the District would best be served by providing for
the highest quality of service at the most efficient cost within
the area of the Ken-Caryl Ranch; and

WHEREAS, the Service Plan of the Ken-Caryl Ranch
Metropolitan District contemplates a cooperative effort between
the District and the Master Association as outlined in this
Agreement; and

WHEREAS, by this Agreement, the District shall assume
certain responsibilities from the Master Association and shall be
provided with the authority and use of property and facilities to
accomplish the purposes of this Agreement; and

WHEREAS, the Parties acknowledge that the District is
relying upon the license granted herein and the use of the
property described herein in performing its obligations under
this Agreement and will take action concerning those properties
as necessary to accomplish its obligations to the Master
Association herein;

WHEREAS, by this Agreement, the Parties intend to
increase the efficiency of services provided to the residents and
property owners within the District and to lower the net costs of
such services to the majority of taxpayers within the District; and

WHEREAS, by this Agreement, the Parties intend to provide for minimal disruption of the current status of facilities and services provided to the Ken-Caryl Ranch area; and

WHEREAS, by this Agreement, the Parties intend to apply the resources available to the District to continue, expand, improve, and supplement the services currently provided by the Master Association.

NOW, THEREFORE, in consideration of the mutual covenants and promises expressed herein, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS AND TERM OF AGREEMENT

Section 1. Definitions.

a. Agreement. This agreement entered into between the Master Association and the District, including all Exhibits attached hereto.

b. Agreement for Assumption of Service Program. A document executed by both parties subsequent to the date of this Agreement which constitutes the assumption of responsibility from the Master Association by the District for a particular Service Program and related Property, if any.
c. **District Service Program.** A Service Program the responsibility of which is assumed by the District from the Master Association pursuant to this Agreement.

d. **District.** Ken-Caryl Ranch Metropolitan District.

e. **Master Association.** Ken-Caryl Ranch Master Association.


g. **Parties.** The District and the Master Association.

h. **Property.** Real property, improvements thereon and personal property owned by or under the control of the Master Association that is necessary for implementation of District Service Programs, as more specifically identified on attached Exhibit A.

i. **Service Plan.** The Service Plan of the District filed with the Jefferson County District Court in accordance with Title 32, Article 1 of the Colorado Revised Statutes.

j. **Service Program.** A separate and distinct grouping of resources which results in a defined type and level
of services provided by the Master Association or the District to
or for the benefit of the Ken-Caryl Ranch, its inhabitants and
taxpayers within the boundaries of the District.

Section 2. Term of the Agreement.

a. Assumption of Responsibilities. The
provisions of Article 2 of this Agreement, which concern certain
rights and responsibilities of the Parties with regard to
District Service Programs and related Property, shall become
effective January 1, 1989 and continue for a period of one year,
automatically renewed and extended for successive one year
periods unless and until either Party delivers to the other Party
written notice of termination at least 120 days prior to the end
of any such one year period, or unless sooner terminated as
otherwise provided by this Agreement, provided that the Master
Association may not fail to renew and extend this Agreement by
delivery of such notice so long as the District is in compliance
with the other provisions of this Agreement and has administered,
operated and maintained the District Service Programs and related
Property in accordance with a standard not less than the current
standard of administration, operation and maintenance of such
Service Programs and related Property by the Master Association.

b. All Other Contract Provisions. Except as
provided otherwise in this Agreement, all other provisions of
this Agreement shall be effective upon execution of this
Agreement by the Parties and continue until terminated as
provided herein or by the written agreement of the Parties.
ARTICLE 2

ASSUMPTION OF RESPONSIBILITIES AND FACILITIES
BY DISTRICT

Section 1. Service Programs Assumed by the District.
Effective January 1, 1989, the Master Association hereby
authorizes and the District hereby assumes all responsibility for
the operation, maintenance and associated cost and expense of
those Service Programs and related Property listed on attached
Exhibit A during the term of this Agreement. To the extent
allowed by law, but without waiving any rights under the Colorado
Governmental Immunity Act or the Colorado Constitution, and
except as otherwise provided in this Agreement or as may be
required by law, the Master Association shall have no
responsibility or liability (other than for costs or liability
incurred prior to January 1, 1989 or after termination of this
Agreement and for its own negligence) with regard to such
District Service Programs and related Property.

Section 2. Additional Assumption or Deletion of Service
Programs. The responsibility for the operation and cost of any
Master Association Service Program and related Property, if any,
generally authorized to be provided by the District under the
Service Plan may be hereinafter assumed by the District upon
mutual agreement of the Parties. Such additional assumption of
responsibility shall be upon the same terms as described in
Section 1 above, but shall be effective only upon execution by
the Parties of an Agreement For Assumption of Service Program,
the form of which is attached hereto and incorporated herein as Exhibit B. Similarly, the Parties may mutually agree to terminate the assumption of responsibility by the District for a Service Program and related Property, if any, in which case such Service Program and related Property shall be deleted from Exhibit A.

Section 3. License For Use.

a. Grant of License. In connection with the assumption of Service Programs by the District under this Agreement, the Master Association hereby grants to the District a non-exclusive, co-relative license to occupy and use the Property, subject to the terms and conditions provided in this Agreement, as such Property is more particularly described in Exhibit A.

b. Purposes. The Property may be occupied and used by the District to the extent necessary to discharge its duties in assuming Service Programs under this Agreement.

c. No Monetary Consideration. This license is granted to the District as an accommodation to the District, and it shall be without monetary consideration. The Parties agree that the license granted hereunder is a license coupled with an interest and shall be irrevocable until terminated in whole upon termination of this Agreement or in part upon termination of the responsibility of the District for a separate Service Program and related Property. The District hereby acknowledges the title of
the Master Association to the Property, and agrees never to assail, resist or deny such title.

d. **Non-Exclusive License.** The license granted herunder is not exclusive to the District, and the District shall have the privilege hereunder only of using and occupying the Property as is necessary to accomplish the purposes as set forth above. The Master Association shall have the paramount right to occupy and use the Property for its own purposes; provided, however, the Master Association may not unreasonably hinder or disrupt the District in the performance of its obligations under this Agreement. The Master Association’s use and occupation of the Property shall not be used, directly or indirectly, as a method of termination under Article 5 of this Agreement.

e. **No Liens.** The District shall keep the Property free and clear of mechanic’s or materialmen’s liens for labor performed or material furnished at the instance or request of the District or anyone claiming under the District.

f. **License Not Assignable.** The District’s privileges hereunder are personal in nature and shall not be assignable by the District in whole or in part.

**Section 4. Assumption of Contracts.** A list of third party contracts entered into by the Master Association and necessary to provide the District Service Programs are shown on attached Exhibit C. During the term of this Agreement only, the District shall assume all duties and obligations and be entitled to all rights and benefits under those contracts, except as
provided in Exhibit C, effective January 1, 1989; provided that the District shall not be responsible nor liable for any costs, damages or actions arising from and under such agreements prior to January 1, 1989. The Parties acknowledge that, in accordance with Colorado law, such agreements shall be annually subject to the District’s budget and appropriations, but that the District shall remain solely responsible and liable for costs, damages and actions arising under those agreements from and after January 1, 1989, until the agreements terminate or this Agreement is terminated, whichever occurs first.

ARTICLE 3

INSURANCE

Each of the Parties shall, during the term of this Agreement, and any renewals or extensions hereof, maintain at their sole cost the following types of insurance coverage with companies in amounts acceptable to the other Party. In all such policies the other Party shall be named as additional insured. Upon request, either Party shall provide to the other Party a certificate or other evidence of insurance coverage as described herein.

Section 1. General Liability. General liability coverage in a minimum of $400,000/$150,000, or in the amount reflecting the current level of governmental immunity provided by statute, whichever is greater, protecting the Master Association and the District and its officers, directors and employees against any
loss, liability or expense whatsoever from personal injury, death, bodily injury, property damage.

Section 2. Public Officials Liability And Directors And Officers Liability. Public officials liability insurance in the case of the District and directors and officers liability insurance in the case of the Master Association (errors and omissions) in the minimum amount of $500,000, protecting the District and the Master Association and their directors and officers, against any loss, liability or expense whatsoever arising out of the actions or inactions of the Parties and their respective directors and officers in the performance of their duties.

Section 3. Workmen's Compensation And Employer's Liability. Workmen's compensation insurance as required by statutes and law and employer's liability insurance at such levels as the Parties may agree.

ARTICLE 4
WARRANTIES AND INDEMNIFICATION

Section 1. Warranties.

a. Compliance with Laws. The Parties agree for themselves, their agents and employees, if any, to comply with all applicable federal, state and local laws, rules and regulations including the Master Declaration, as amended from time to time, in compliance with the terms and obligations of this Agreement.
b. **Title to Property.** The Master Association represents that it is in the possession of and has title to all real property described on Exhibit A.

c. **Third Party Contracts.** The Master Association represents that each of the contracts listed in Exhibit C is in full force and effect, and the parties thereto are not in default thereunder. The Master Association has provided the District with true and correct copies of such contracts.

d. **Records.** Each of the Parties agree to provide the other Party with reasonable access to all of its documents, books and records pertaining to the terms and provisions of this Agreement; provided that such access shall not unreasonably interfere with the operation of the other Party's business.

e. **Further Assurances.** Each of the Parties shall use its best efforts and act in good faith and in a spirit of cooperation in discharging its responsibilities and carrying out the terms and purposes of this Agreement. Each of the Parties therefore agrees to execute and deliver additional instruments and to take such other actions, without further consideration, as may reasonably be necessary to discharge its responsibilities and carry out the terms and purposes of this Agreement.

f. **Authority of Parties.** Each of the Parties hereto represents to the other that each has full power and authority to execute, deliver and perform this Agreement and that this Agreement constitutes valid and legally binding obligation
of such Party enforceable against the other Party in accordance
with its terms.

g. Use of Property, Facilities and Personal
Property. The District warrants that it shall use and operate
the Property and District Service Programs exclusively for the
benefit of all inhabitants and taxpayers within the boundaries of
the Ken-Caryl Ranch, as defined in the Master Declaration. The
District further warrants that it shall use, manage, operate and
maintain the Property as provided under this Agreement in a
prudent manner, in compliance with applicable laws and in good
condition and repair, and shall return the Property to the Master
Association at the termination of this Agreement, or at such
other time as the Parties may agree, in the same condition as
received, normal wear and tear excepted.

h. Services. The District warrants that it shall
administer, operate and maintain the District Service Programs
and related Property in accordance with a standard not less than
the current standard of administration, operation and maintenance
of such Service Programs and related Property by the Master
Association.

Section 2. Indemnification. To the extent allowed by
law, but without waiving any rights under the Colorado
Governmental Immunity Act or the Colorado Constitution, each of
the parties agrees to indemnify and hold harmless the other Party
from and against any and all losses, damages, action and
expenses, including reasonable attorneys’ fees, which are caused
by or arise out of any breach or default in the performance by
such Party of any covenant, promise or agreement of such Party
contained in this Agreement or any breach of warranty or
misrepresentation made by such Party contained in this Agreement.

ARTICLE 5
TERMINATION

This Agreement shall automatically terminate upon
dissolution of the District.

This Agreement may be terminated by:
    a. the mutual agreement of the Parties;
    b. the Master Association if a material default
shall be made by the District in the observance, or due and
timely performance, by the District of any of the covenants,
promises or agreements of the District contained herein, or if
there shall have been a material breach or misrepresentation by
the District of any of the warranties and representations of the
District contained herein; provided that the District shall be
entitled to receive thirty days' prior written notice of and
opportunity to cure the material default, breach or
misrepresentation. If the material default, breach or
misrepresentation has not been cured within such thirty day
period, this Agreement shall be terminated at the option of the
Master Association; provided that if a longer period to cure is
reasonably required, the District shall within such thirty day
period proceed with due diligence to cure until the material
default, breach or misrepresentation is cured, otherwise this
Agreement may be terminated at the option of the Master Association.

c. the District if a material default shall be made by the Master Association in the observance, or due and timely performance, by the Master Association of any of the covenants, promises or agreements of the Master Association contained herein, or if there shall have been a material breach or misrepresentation by the Master Association of any of the warranties and representations of the Master Association contained herein, provided that the Master Association shall be entitled to receive thirty days' prior written notice of and opportunity to cure the material default, breach or misrepresentation. If the material default, breach or misrepresentation has not been cured within such thirty day period, this Agreement shall be terminated at the option of the District; provided that if a longer period to cure is reasonably required, the Master Association shall within such thirty day period proceed with due diligence to cure until the material default, breach or misrepresentation is cured, otherwise this Agreement shall be terminated at the option of the District.

The Parties agree that the powers of the Parties to provide the services set forth in their Service Plan and/or Covenants shall not be affected by the termination of this Agreement.
ARTICLE 6
MISCELLANEOUS

Section 1. Assignment. Neither this Agreement, nor any of the duties hereunder or obligations or authority may be assigned in whole or in part by the District or the Master Association without the prior written consent of the other Party. Any such attempt at assignment shall be deemed void and of no force or effect. Consent by the District or Master Association to one such assignment shall not be deemed to be consent to any subsequent assignments, or a waiver by the District or the Master Association's rights to consent to such subsequent assignment.

Section 2. Amendment. This Agreement may be modified, amended, changed or terminated (except as otherwise provided in this Agreement) in whole or in part only by an agreement in writing duly authorized and executed by both Parties.

Section 3. Waiver. The waiver of any breach of any of the provisions of this Agreement by either Party shall not constitute a continuing waiver or a waiver of any subsequent breach by either party either of the same or another provision of this Agreement.

Section 4. Integration. This Agreement contains the entire agreement between the Parties hereto and no statement, promise or inducement made by either Party or the agent of either Party that is not contained in this Agreement shall be valid or binding.
Section 5. **Headings for Convenience Only.** The Articles and section headings, captions and titles contained herein are intended for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any of the provisions of this Agreement.

Section 6. **Severability.** Invalidation of any of the provisions of this Agreement or any paragraph, sentence, clause, phrase, or word herein, or the application thereof in any given circumstance, shall not effect the validity of the remainder of this Agreement.

Section 7. **Binding Effect.** This Agreement shall be immediately binding and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Section 8. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Colorado.

Section 9. **Incorporation of Documents.** All exhibits, documents and addenda or appendices attached to this Agreement and referred to herein shall for all purposes be deemed to be incorporated in this Agreement by this reference and made a part hereof.

Section 10. **Notice.** Except as otherwise provided by this Agreement, any notices, demands or other communications required or permitted to be given by any provision of this Agreement shall be given in writing, delivered personally or sent postage prepaid, addressed as follows:
District: Ken-Caryl Ranch Metropolitan District
c/o R. S. Wells Corporation
6200 South Syracuse Way
Suite 150
Englewood, Colorado 80111

Master Association: Ken-Caryl Ranch Master Association
7676 South Continental Divide Road
Littleton, Colorado 80127

or at such other addresses as said Parties may hereafter or from
time to time designate by written notice to the other Party given
in accordance with this Article. Notice shall be considered
received on the earlier of the day on which such notice is
actually received by the Party to whom such notice is attached or
the third day after such notice is mailed.

IN WITNESS WHEREOF, the Parties hereto have executed
this Agreement as of the day and year first above written.

DISTRIBUTION:

KEN-CARYL RANCH METROPOLITAN DISTRICT

By: [Signature]
President

ATTEST:

[Signature]
Secretary
MASTER ASSOCIATION:
KEN-CARYL RANCH MASTER ASSOCIATION

By: [Signature]
President

ATTEST:

[Signature]
Secretary
## EXHIBIT A TO REORGANIZATION AGREEMENT

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<thead>
<tr>
<th>Service Programs</th>
<th>Real Property and Improvements</th>
<th>Personal Property</th>
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<tr>
<td>1. Bradford Recreation Center</td>
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<tr>
<td>Swimming Pool</td>
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<tr>
<td>Tennis Courts</td>
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<tr>
<td>Private Rentals</td>
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<td>2. Equestrian Center/Dakota Lodge</td>
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<td>Recreational Programs</td>
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<td>Private Rentals</td>
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<td>3. Ranch House</td>
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<tr>
<td>Swimming Pool</td>
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<tr>
<td>Tennis Courts</td>
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<td>Private Rentals</td>
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<td>4. Recreation Supervision</td>
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<td>Contracted Instructor Programs</td>
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<td>Summer Camp</td>
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<td>Nursery</td>
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<td>Gymnastics</td>
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<td>Aerobics</td>
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<td>5. New Facilities</td>
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<td>6. Grounds and Maintenance</td>
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<td>Maintenance Shop</td>
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<td>Irrigation</td>
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<td>Landscaping</td>
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<td>Snow Removal</td>
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EXHIBIT B
AGREEMENT FOR ASSUMPTION OF SERVICE PROGRAMS

In accordance with and subject to the terms and conditions of the Reorganization Agreement dated ________________, 19__8, between Ken-Caryl Ranch Metropolitan District and the Ken-Caryl Ranch Master Association, the Master Association hereby authorizes and the District hereby assumes all responsibility for the operation, maintenance and associated cost and expense of the following Service Program and related Property, which shall concurrent with the execution by the parties hereto be added to Exhibit A of the Reorganization Agreement.

DATED this _____ day of ________________, 19___.

DISTRICT:
KEN-CARYL RANCH METROPOLITAN DISTRICT

By: __________________________
President

ATTEST:
___________________________
Secretary

MASTER ASSOCIATION:

By: __________________________
President

ATTEST:
___________________________
Secretary
## EXHIBIT "C"
### LIST OF CONTRACTS

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<tr>
<th>Vendor</th>
<th>Description</th>
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<th>Expiration Date</th>
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<td>John Deere 1050 Tractor</td>
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<td>U.S. Leasing</td>
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<td>Laidlaw Waste Sys</td>
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<td>Trash Removal/VRC</td>
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<td>A.A. Financial</td>
<td>Copier Lease/VRC</td>
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<td>Insect Pest Control</td>
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<td>Public Service</td>
<td>Street Lighting Agreements</td>
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<td>VRC Copier Service Cont.</td>
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<td>U.S. West Paging</td>
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<td>Cellular One</td>
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<td>Microsys. Integra.</td>
<td>Maint. Agreement (Computers)</td>
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<td>Month-to-Month</td>
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AMENDMENT TO AGREEMENT

THIS AMENDMENT to that certain Agreement between Ken-Caryl Ranch Metropolitan District and Ken-Caryl Ranch Master Association dated June 9, 1988 (the "Agreement"), is hereby made and entered into by Ken-Caryl Ranch Metropolitan District (the "District") and Ken-Caryl Ranch Master Association (the "Association") (together the "Parties").

WHEREAS, paragraph 2 of the Agreement provides that reimbursement of certain advances and costs to the Association by the District shall be considered by the District by no later than May 1, 1989;

WHEREAS, in the current circumstances, the Parties believe that further consideration by the District toward reimbursement should be made in the event that the reimbursement contemplated under paragraph 2 of the Agreement is not fully authorized by May 1, 1989;

WHEREAS, paragraph 7 of the Agreement provides that the Parties may amend the Agreement;

NOW THEREFORE, for good and valuable consideration, the Parties agree to amend the Agreement as follows:

1. Paragraph 2 of the Agreement shall be deleted and the following language shall be substituted in lieu thereof:

2. Reimbursement. All advances made pursuant to this Agreement to the District, including any interest costs, shall be eligible for reimbursement and,
together with any District organizational costs incurred by the Association through April 30, 1988, shall be considered no later than May 1, 1989 by the District for reimbursement; provided that if such advances and costs are not fully authorized for reimbursement by no later than May 1, 1989, the District agrees to reconsider the request for reimbursement of such advances and costs by no later than May 1, 1990. Association expenses considered by the District for reimbursement shall be subject to an itemized accounting, an audit of verified receipts and approval by the District.

2. Except as hereinafore provided, the Agreement is not otherwise modified and is reaffirmed by the Parties.

DATED this 29th day of December, 1988.

DISTRICT:

KEN-CARYL RANCH METROPOLITAN
DISTRICT

By: [Signature]

Its President

ATTEST:

[Signature]

Secretary
ASSOCIATION:
KEN-CARYL RANCH MASTER
ASSOCIATION

By: [Signature]
Its President

ATTEST:

[Signature]
Secretary