

**DEVELOPMENT AGREEMENT AND RESIDUAL LAND USE RESTRICTIONS
FOR HIDDEN VALLEY ESTATES R.L.U.P.**

This Agreement is made this 3rd day of July, 2002 between the Board of County Commissioners of Larimer County, Colorado ("County"); Backbone Investments, LLC ("Developer"); and Hidden Valley Estates Homeowner's Association ("Association").

WHEREAS, Developer is the owner of certain real property situated in Larimer County, Colorado, described on Exhibit A attached hereto and incorporated herein ("Property");

WHEREAS, County has approved the Preliminary Plan of Hidden Valley Estates R.L.U.P. by Findings and Resolution dated March 18, 2002, and recorded April 26, 2002, at Reception No. 2002046373 of the Larimer County records; which approval was revised by Findings and Resolution dated June 3, 2002, and recorded on June 26, 2002, at Reception No. 2002068660 of the Larimer County records; and

WHEREAS, Developer has submitted to County for approval, execution and recordation a final plat for Hidden Valley Estates R.L.U.P.; and

WHEREAS, Developer desires to develop the Property in one phase using a defined set of improvements; and

WHEREAS, County has considered the final plat, the proposed development and improvements to the Property, and the requirements to be imposed upon the Property by reason of the proposed development and improvement of the Property included in the final plat; and

WHEREAS, County is willing to approve, execute and accept for recordation the final plat upon the agreement of Developer and Association to the matters described in this Agreement; and

WHEREAS, County, Developer and Association mutually acknowledge and agree that the matters described in this Agreement are reasonable conditions and requirements to be imposed by County in connection with its approval, execution and acceptance for recordation of the final plat, and that such matters are necessary to protect, promote and enhance the general welfare.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and the approval, execution and acceptance of the final plat for recordation by the County, the parties agree as follows.

1. Title of the Development.

The title of the development is Hidden Valley Estates R.L.U.P. 01-S1901.

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Please return to:
RLUC/PWG

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2. Description of Development and Uses and Applicability of Development Agreement.

The Plan was developed pursuant to the provisions of the Larimer County Rural Land Use Process. The Plan provides for thirteen single-family residential lots, and nine residual land lots known as Residual Lots A-I. Lot 1 has an existing single-family residence and is located on 5.03 acres. Lots 2-13 may be developed for single-family residences on 62.48 acres. Residual Lots A-I are located on 160.00 acres. There is a small dwelling generally located approximately 2000 feet north of the State Highway 34 access and some existing mobile homes generally located in the mining process area. Both the small dwelling and mobile homes will be removed. Development of Residual Lots A-I is restricted as described in Section 3 below. Lots 1 through 13 and Residual Lots A-I are more fully described on the Plat recorded on July 9, 2002 at Reception No. 2002073181 of the Larimer County Records and in the Protective Covenants recorded on July 9, 2002 at Reception No. 2002073184 of the Larimer County Records.

Notwithstanding anything to the contrary the parties agree that only the rights, restrictions, obligations and terms set out in Section 3, 27(c), 33, 35, 36, 37, 38, and 39 of this Agreement shall apply to Residual Lots D and E and their respective owners, and to Residual Lot C if owned by Larimer County.

3. Residual Land Use Restrictive Covenant.

As a condition of final approval of the Plan, Developer hereby covenants and agrees that it shall and does hereby dedicate in perpetuity the use of Residual Lots A-I to open space. This restrictive covenant shall and does hereby preclude development of Residual Lots A-I, including but not limited to construction of single-family residences, buildings, and structures, except as follows:

- a) Support buildings for the use of the homeowners' association members may be constructed on Residual Lots A, B, F, H, and I. In no event shall the combined total square footage of all buildings on these six residual lots exceed 1000 square feet.
- b) One stable not to exceed 5000 square feet and one corral may be constructed on Residual Lot G within the building envelope(s) designated on the Plat for the purpose of sheltering and caring for horses kept by the owners of Lots 1-13 for their own personal use and enjoyment.
- c) Residual Lot C may be used for a memorial park consisting of natural open land. A stone memorial approximately 100-200 sq. ft. in size may be constructed on Residual Lot C. Residual Lot C will be open to the public. Any additional improvements shall be limited to those that are consistent with its use as a public park. All such improvements shall be approved by Larimer County.
- d) A parking area, trailhead, trail, and accessory buildings for the Devil's Backbone recreational trail may be constructed on Residual Lot D. A trail may also be

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constructed on Residual Lot E. An eight (8) feet high landscaped berm shall be installed along the east side of the horsetrailer parking area for the trailhead on Residual Lot D in order to shield the horsetrailer parking area from the view of residential lot owners of the property.

e) Any or all of Residual Lots D and E may be open to the public at the discretion of the County.

f) Any Residual Lot may be used for public recreational trails or for public roads or accesses to such trails as such trails, roads or accesses are designated on the Plat or are otherwise granted, conveyed or dedicated to Larimer County. Public access shall include use by all members of the public as well as use by persons patrolling or monitoring the trails, roads and accesses and emergency vehicles and personnel.

g) Developer may construct entry or landscape features within 150 feet of the intersection of Hidden Valley Drive and Hogback Drive, a gate south of the Driveway for Lot 1, and an entry feature within 200 feet of the intersection of Highway 34 and Hidden Valley Drive. An entrance gate may be constructed within 500 feet north of the intersection of the emergency access and Hidden Valley Drive.

The owners of Residual Lots A-I shall maintain Residual Lots A-I in accordance with the approved management plan on file at the Rural Land Use Center and shall provide to the Director of the Larimer County Rural Land Use Center an annual monitoring report for Residual Lots A-I.

These restrictions are covenants running with Residual Lots A-I and are binding on Developer, its successors and assigns and all successor owners and transferees of Residual Lots A-I. These restrictions may be enforced by the County, City of Loveland or by any owner of Lots 1-13. This Section 3 may not be amended except with the express written consent of the County and all owners of Lots 1-13 (based on one vote per each of the 13 lots) after a published notice and hearing before the Board of Commissioners.

4. Mineral Interests.

The Property is not subject any mineral interests.

5. Water Rights and Water Interests.

Non-applicable

6. Building Envelopes

Developers acknowledge that some or all of the lots in the development (including the Residual Land lots) include building envelopes. No building envelope shall be relocated without the express written approval of the Board of County Commissioners of Larimer County. All buildings and structures must be located within the approved building envelopes a shown on the approved final plat. Developer agrees

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that prior to approval of any footings and foundation installation, Developer or the lot owner or building permit applicant must submit a written certification by a Colorado Licensed Surveyor verifying that the building or structure is located within the building envelope. Such certification shall also be submitted in instances where the building or structure requires a County Setback and Use Permit rather than a building permit.

7. Improvements.

Developer shall design, construct and install at its own expense all infrastructure improvements including but not limited to streets, utilities, drainage facilities, water facilities, flood protection devices and other improvements shown on the final plat or in the supporting documents in accordance with the plans and specifications, as prepared by Developer's licensed engineers and professionals, and approved by County.

All construction shall be performed in a good and workmanlike manner and in accordance with applicable County standards, rules and regulations governing such construction.

8. Completion Date.

There is no provision in this Agreement which requires Developers to construct any infrastructure improvements (i.e., roads, water, utilities, etc.) within a set period of time. Purchasers and potential purchasers of lots within the Hidden Valley Estates R.L.U.P. are hereby put on notice through recordation of this Agreement that the County makes no representations, assurances or guarantees concerning when, if ever, such infrastructure improvements will be constructed.

9. Water Supply.

Developer shall obtain water service from City of Loveland. Developer shall install the water system improvements necessary to service the Property in the manner provided on the approved utility plans. The water supply system shall be subject to inspection by City of Loveland during construction. Developer shall submit a letter of acceptance from the City of Loveland for the maintenance and responsibility of all water supply improvements prior to the release of building permits.

10. Sewage.

Septic Permits shall be required for individual systems prior to issuance of a Building Permit. The Septic Permit shall be obtained from the Larimer County Health Department.

11. Trenches.

Trenches for water, storm sewer lines, and utilities shall be compacted in accordance with specifications defined by water, sewer, and utility service provider.

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12. Roads and Infrastructure Improvements.

All roads shall be constructed according to Appendix G "Private Road Standards of the Larimer County Road Manual" and to plans approved by the County Engineer. Final roadway plans (including typical sections), drainage reports (including design of the box culvert drainage crossing), site distance information, traffic memorandum, and soils reports (including pavement design) must be submitted and approved by the County prior to constructing any improvements on Lots 1-13 or Residual Lots A-I. These improvements include but are not limited to roads, bridges, curbs, gutters, and drainage facilities. The Developer shall provide all information required by the Larimer County Engineering Department relating to roads, access, drainage, and erosion control. This information includes but is not limited to road plan & profile, access information, drainage and erosion control reports, adequacy of adjacent roads and structures, and points of access incorporated into the road design. All information listed above must be reviewed and approved by the County Engineering Department before any building permits will be released.

Developers shall submit the following items to request the final release of completed road improvements:

- a. A record drawing showing any changes that were made to the approved plans during construction.
- b. A certification from the County Engineer that improvements were constructed in general conformance to plans. (See Appendix "G" of the Larimer County Road Manual "Private Road Standards").

No release of building permits shall be made until the above listed items have been submitted.

The Final Plat states that streets laid out and designated on the Plat are dedicated and conveyed to and for the private use of lot owners, residents, guests, invitees, and for use by emergency vehicles and service personnel. Notwithstanding this statement, the County and Developer acknowledge and agree that Developer may grant, convey or dedicate for public use certain roads within the Plan subsequent to the recording of the Final Plat and that Larimer County may dedicate or designate for public use roads located within Residual Lots which Larimer County acquires.

13. Storm Drainage Improvements

Developer shall construct all storm drainage improvements as shown on the Final Plat and in the supporting documents for the development, in accordance with the plans and specifications, as prepared by Developer's licensed engineers and professionals, and approved by the County Engineer. Completion of improvements shall be certified by a professional engineer licensed in the State of Colorado, stating that the improvements and facilities have been constructed in substantial conformance with said final development plan documents. Release of the building permits and acceptance by County Engineer is

subject to the submittal and approval of Developer's engineer's certification of approval and inspection by the County.

Developer and all subsequent owners shall be prohibited from constructing or storing anything in any drainage easement or in any way disrupting or changing the drainage pattern as initially designed and installed on the Property per the County approved storm water drainage plan. Developer certifies that this prohibition has also been included in Section 3.03 of the Declaration of Covenants for the Property.

14. Public Service—Natural Gas

Developer shall obtain natural gas service from Public Service Company of Colorado. Developer shall construct improvements as required by Public Service Company of Colorado to supply the Property with natural gas utility service. Improvements shall be in accordance with Public Service of Colorado specifications. In no event, however, shall County be responsible for the inspection and/or acceptance of natural gas utility improvements to the Property.

15. Electric.

Developer shall obtain electric service from Poudre Valley REA. Developer shall construct improvements as required by Poudre Valley REA to supply the Property with electric utility service. Improvements shall be in accordance with Poudre Valley specifications. In no event, however, shall County be responsible for the inspection and/or acceptance of electric utility improvements to the Property.

16. Telephone.

Developer shall obtain telephone and communication utilities. Developer shall construct improvements as required by the telephone and communication provider to supply the Property with adequate telephone and communication utilities. Improvements shall be made in accordance with the provider's specifications. In no event, however, shall County be responsible for the inspection and/or acceptance of telephone and/or communications cable improvements to the Property.

17. "As Built" Plans.

Non-applicable

18. Landscaping Improvements.

Non-applicable

19. Erosion Control.

In order to protect the soil resource and ensure water quality requirements, Developer shall construct erosion control facilities at the commencement of construction. The construction and establishment of acceptable erosion control facilities shall be assured and installed by Developer. If more than 1 acre will be disturbed, a water quality

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permit will need to be obtained from the Colorado Department of Public Health and Environment.

20. Fire Protection.

Developer agrees the construction of any new single-family residence in this development will require the installation of residential fire sprinklers or a written variance from this requirement from the fire district.

21. Addressing.

Developer agrees that individual addressing of the lots in the development is an important factor for identification and safety during construction. Developer agrees to obtain addresses including street name and house numbers for each lot and to install temporary identifying street and address signage by building permit issuance.

22. Additional Conditions.

a) Developer hereby grants and dedicates to Larimer County a public trail easement generally located along the north and east line as depicted on the final plat. Said grant and dedication by Developer is gratuitous and without consideration. Developer and County agree that in the event that Developer or County purchases the property north of the trail referenced in this Section 22(a) (known as the "Wild Property"), or if the owner of the Wild Property so agrees, the trail referenced in this Section 22(a) shall be relocated within 6 months from the date of such purchase or owner approval to a location on the Wild Property as mutually agreed upon by Developer and County. In the event Developer and County cannot agree on a location on the Wild Property, the trail shall remain at the location currently depicted on the final plat.

b) Developer agrees that the secondary access must be locked with a Knox padlock, per Loveland Fire Prevention Bureau requirements. This will be installed when the Highway 34 intersection is completed.

c) Developer agrees that the closure plan for the Big Thompson flood dump site must be completed and accepted by the Colorado Department of Health and Environment prior to issuance of building permits.

d) Developer agrees that cleanup of surplus vehicles and mining support buildings and materials must be removed prior to the issuance of building permits.

e) Developer agrees that the existing mobile homes located in the mining process area must be removed prior to the issuance of building permits.

f) Developer agrees that the existing small dwelling generally located approximately 2000 feet north of the State Highway 34 access along Hidden Valley Drive shall be removed prior to the issuance of building permits.

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g) Developer agrees that passive radon mitigation measures shall be included in construction of residential structures on these lots. The results of a radon detection test conducted in new dwellings once the structure is enclosed but prior to issuance of a certificate of occupancy must be submitted to the Planning Department. As an alternative, a builder may present a prepaid receipt for a radon tester which specifies that a test will be done within 30 days. A permanent certificate of occupancy can be issued when the prepaid receipt is submitted.

h) Developer agrees that engineered footings and foundations are required for new residential construction.

i) Developer agrees at time of real estate closing for the initial sale of the residential lot and residual land lots, it shall provide purchasers with the Code of the West, a County document which addresses differences between urban and rural living in Larimer County.

23. Developer Guarantees and Warranty.

Developer warrants and guarantees that all improvements required to be constructed pursuant to this Agreement shall be free from defects in materials and/or workmanship and shall properly function for the purpose intended for two years following the County's approval of the last improvement to be constructed (the warranty period). Within 30 days after completion of the last improvement(s) required to be constructed under this Agreement, Developers shall send to the Rural Land Use Director a written notice specifying the final completion date. This completion date shall establish the commencement of the 2-year warranty period. Developer shall correct, replace or repair any improvement discovered to be defective or faulty during the warranty period. Any required correction, repair or replacement shall be commenced within thirty (30) days of County's written notice advising Developer of the necessary work.

In the event Developer fails to make the necessary corrections, repairs, or replacements:

a. County and/or any Property owner may commence an action against Developer for specific performance or for money damages for costs of the necessary work; and/or pursue any other legal or equitable action against Developer(s).

b. County may withhold building permits.

c. County may make the necessary repairs and assess the costs of such repairs as a lien against any lots which Developer may still own which lien shall be collectible by the County Treasurer in the same manner and with the same priority as general property taxes.

The above remedies shall be cumulative and the election to pursue one shall not preclude the use of another.

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24. Inspections.

Prior to commencing construction, the Developers shall supply to County a schedule of construction.

On-site inspections of installations of improvements shall be performed by Developer's licensed professional engineers. Inspection reports shall be available for review by County upon request. County shall have the authority to halt construction of any portion of the construction that may be found to be out of compliance with the approved plans and specifications for the development. Developer shall cause such work to be corrected and brought into compliance within the time frame set by the County Engineer, and if not so corrected, the County Engineer may declare Developer in default of this Agreement.

25. Issuance of Building Permits.

a. For purposes of this Agreement, "Building Permit" shall mean any permit to begin work to construct a building on the Property, including permits for footings and foundations. Unless otherwise described, Developer acknowledges and agrees that building Permits for individual lots shall only be issued after installation of water, successful inspection of subgrade, application and inspection of aggregate road base surfacing, as well as any necessary storm drainage or detention facilities, and drainage improvements immediately adjacent to the lot for which a Building Permit is sought. In addition, only the building permits for one model home can be released until the provisions of Section 12 have been met and approval has been given by the Larimer County Engineering Department. County may restrict the issuance of building permits or Certificates of Occupancy if construction is not in compliance with an approved schedule, to be agreed upon by Developer and County.

b. Developer desires to construct one model home. It is acknowledged and agreed by Developer and Larimer County that Building Permits for said construction may be issued upon the installation of adequate fire protection in the vicinity of the lot specified for such purposes as well as adequate temporary construction accesses to the site. The footings and foundation permits may be issued when improvements are being installed and the structural permits may be issued when a water storage tank holding at least 1000 gallons has been installed.

26. Fees.

Developer shall pay to County at building permit issuance County and Regional Transportation Capital Expansion Fees, Community and Regional Park Fees In Lieu of Dedication, Thompson R2-J School Fees, and Rural Land Use Process fees. The fees shall be the amount in effect at the time of building permit issuance. Developer acknowledges and agrees that such fees are roughly proportional to impacts created by this development. Developer shall also pay any other applicable legislatively formulated and duly adopted fees which are in effect and required to be paid at the time of building permit issuance provided such fees are imposed on a broad class of property owners.

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27. Maintenance of Improvements, Common Areas, and Residual Land

a. During the two-year warranty period, Developer shall be solely responsible to maintain, repair and replace any and all improvements in the development (including but not limited to roads, bridges, curbs, gutters, sidewalks, drainage facilities, sewer systems, utilities, landscaping) and common areas. Upon expiration of the two-year warranty period, the residential and residual land lot owners either individually or through the Association shall be solely responsible for such maintenance, repairs and replacements. County shall have no liability or obligation for such maintenance, repairs or replacements either during or after the two-year warranty period.

b. The Association shall set and collect dues and assessments from Property owners in an amount sufficient to carry out its maintenance responsibilities.

c. The owners of the Residual Lots shall be solely responsible to maintain their respective Residual Lots. Such maintenance shall be in accordance with the Management Plan approved and on file at the Rural Land Use Center. County, or its designee, is authorized to enter on to the Residual Lots from time to time to monitor and inspect the Residual Lots to insure compliance with the Management Plan.

d. In the event the County determines that the responsible entity/person(s) has failed to adequately maintain the improvements, common areas or Residual Land, County shall so notify the responsible entity/person(s) in writing. Such notice shall specifically state the manner in which the entity/person(s) has failed to maintain the improvements, common areas or Residual Land and the steps that must be taken to come into compliance. The notice shall include a demand that such deficiencies in maintenance be cured within thirty (30) days of the date of the notice and shall also state the time and place of a hearing before the Board of County Commissioners, which shall be held within fifteen (15) days of the notice.

At such hearing, the County may modify the terms of its original notice as to the deficiencies, and may give an extension of time within which they shall be cured. If the deficiencies set forth in the original notice, or in the modifications thereof, are not cured within said thirty days or any extension thereof, the County, in order to preserve the taxable values of the property contained within the development, and to prevent the improvements, common areas, or Residual Land from becoming a public nuisance and public liability, may undertake to maintain the same for a period of at least one year.

Before expiration of the maintenance period, the County, upon its initiative or upon the written request of the responsible entity/person(s) may call a public hearing before the Board of County Commissioners upon notice to such responsible entity/person(s) and to the Property owners. At the hearing, the responsible entity/person(s) shall show cause why maintenance by the County shall not, at the election of the County continue for an additional set period. If the Board determines that the responsible entity/person(s) is ready and able to maintain the improvements, common areas, or Residual Land, the County shall cease to maintain the improvements, common areas, or Residual Land. If the Board determines the responsible entity/person(s) is not ready and able to maintain the improvements, common areas, or Residual Land, the

County may, in its discretion, continue such maintenance for a succeeding set period subject to a similar hearing and determination prior to the expiration of such period.

The cost of such maintenance by the County and the costs of enforcement incurred by the County, including but not limited to monitoring, inspections, and legal fees, shall be paid by the owners of the Property that have a right to enjoyment or use of the improvements involved or the Residual Land. Any unpaid costs shall become a lien upon said properties. The County shall file a notice of such lien in the office of the County Clerk and recorder upon the properties affected by such lien and shall certify such unpaid costs to the County Treasurer for collection, enforcement and remittance in the manner and with the same priority as provided by law for the collection, enforcement and remittance of general property taxes.

28. Declaration of Covenants.

Developer and Association certify that Article VI of the Declaration of Covenants for the Property provide for a regular maintenance program and adequate funding for maintenance, repairs and replacements of improvements (including roads, bridges, curbs, gutters, sidewalks, drainage facilities, landscaping) and common areas and means of enforcement; continuous safety inspections and immediate follow-up maintenance to correct unsafe conditions; the receiving and processing of complaints.

Developer and Association agree that the Association shall not be dissolved without the written consent of the Board of County Commissioners of Larimer County and certify that the Bylaws and Section 7.02 of the Declaration of Covenants includes this prohibition.

29. Liability/Indemnity.

County's review and approval of any plans, reports, or drawings or County's inspection and approval of any improvements constructed by Developer under this Agreement does not constitute a representation, warranty, or guarantee by County that such improvements are free from defects or will operate adequately for the purpose intended. Current and successor owners of the Property assume responsibility for all maintenance, repairs, or replacements of improvements, including, but not limited to roads, bridges, curbs, gutters, sidewalks, drainage facilities, sewer systems, utilities, landscaping, common areas and Residual Land after expiration of the Warranty Period.

Developer agrees to indemnify and hold County, its officers, employees and assigns harmless from and against all claims, costs and liabilities of every kind and nature, for injury or damage received or sustained by any person or entity in connection with, or on account of the performance, condition or quality of work at the development of the Property pursuant to this Agreement. Developer further agrees to aid and defend County in the event County is named as a defendant in an action concerning the performance, condition or quality of work pursuant to this Agreement, except where such suit is brought by Developer against County. Developer acknowledges it is not an agent or employee of County.

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Nothing in this Agreement shall be construed as a waiver, either express or implied, of the immunities, rights, benefits, and protections afforded County under the Colorado Governmental Immunity Act.

30. Default/Remedies/Enforcement.

Upon default of the provisions of this Agreement, the parties agree that this Agreement may be specifically enforced by any party or any party may proceed in any other manner authorized by law for a breach of contract. In addition, the County may:

a. Issue a written notice to Developer to appear and show cause why the subdivision shall not be vacated. Giving notice shall be deemed complete upon mailing same certified mail to the address stated herein. The notice shall designate the date, time and place the Board of County Commissioners will conduct a hearing to consider vacation of the plat. The hearing shall be not less than thirty (30) nor more than sixty (60) days from the date of the notice.

b. Proceed in the manner described in the Larimer County Land Use Code or State Statutes for a violation of the State or local subdivision regulations.

c. Withhold building permits.

d. Pursue any other remedy allowed by law or in equity.

The remedies set forth herein are cumulative and the election to use one shall not preclude use of another.

Upon default of the provisions of this Agreement, Developer, Association, and Property Owners agree to pay all expenses incurred by County occasioned by said default, including, but not limited to, a reasonable attorney's fees in enforcing this Agreement.

31. Applicability of Other Regulations and Conditions.

This Agreement and the terms, conditions and covenants contained herein shall be deemed to complement and shall be in addition to the conditions and requirement of the Larimer County Land Use Code and other applicable laws, rules and regulations, notwithstanding anything contained or referred to the contrary.

32. Periodic Reviews.

County may conduct periodic reviews of the status of the development as appropriate to monitor and enforce the terms of this Agreement.

33. Binding Effect of Agreement.

This Agreement is intended to provide for the orderly construction and maintenance of structures and other improvements on the Property. This Agreement shall be a servitude running with the Property. Those owners of the Property or any

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portion of the Property who obtain title subsequent to the date of this Agreement, their heirs, successors, assigns or transferees, and persons holding under Developer shall comply with the terms hereof.

This Agreement shall survive annexation. Despite annexation, this Agreement may only be amended as provided in Section 38 below.

In the event Developer transfers title to the Property and is thereby divested of all equitable and legal interest in the Property, Developer shall be released from liability under this Agreement with respect to any breach of the terms and conditions of this Agreement occurring after the date of any such transfer of interest. In such event, the succeeding Property owner(s) shall be bound by the terms of this Agreement.

34. Notations and Recordation.

Developer shall note on the final subdivision plat, as a plat note, and in a disclosure statement the existence of this Agreement by reference to Reception Number and Film Number as recorded by the Larimer County Clerk and Recorder. Developer shall note on the final subdivision plat and in the disclosure notice the entity/person(s) responsible for maintenance of the improvements, landscaping, common areas and Residual Land. Developer shall file for recording with the Larimer County Clerk and Recorder, this Agreement and any deeds and/or other documents required as part of the final plat approval of this development by the Board of County Commissioners.

35. Subordination.

Developer shall cause all lenders, lienholders or other persons or entities who have any interest in the Property to subordinate their interest to this Agreement.

36. Conflict with Other Documents.

In the event of a conflict between the terms or conditions of this Agreement and the Declaration of Covenants, Plat Notes, Disclosure Notice, Findings and Resolution, or any conservation easement this Agreement shall control.

37. Severability.

If any part, terms, or provision of this Agreement is held by a court to be illegal or otherwise unenforceable, such illegality or unenforceability will not affect the validity of any other part, terms, or provision and the rights of the parties will be construed as if the part, terms, or provision was never part of this Agreement.

38. Amendment.

Except for Section 3, this Agreement may be amended by mutual consent of the County and 50% of the property owners (based on each of the 22 lots having one vote per lot) provided such amendment is in writing. Section 3 may be amended only with the written consent of the County and 100% of the owner(s) of Lots 1-13 (based on each of

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the 13 lots having one vote per lot), after published notice and a hearing before the Board of County Commissioners.

39. Controlling Law.

This Agreement shall be governed by the laws of the State of Colorado.

LARIMER COUNTY:

**Board of County Commissioners of
Larimer County, Colorado**

Chen W. Ribson
Chair *7302*

ATTEST:

Janet O. [Signature]
Deputy Clerk to the Board

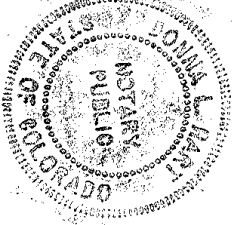
STATE OF COLORADO) SS
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this *3rd* day of
July, 200*2* by *Chen W. Ribson* as Chair of the
Board of County Commissioners of Larimer County, Colorado.

Donna L. Hart
Notary Public

Witness my hand and official seal

My Commission Expires: *3/30/06*



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OWNER(S)/DEVELOPER:

Backbone Investments, LLC

By:

Scott T. Charpentier

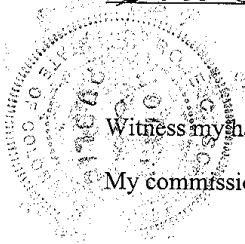
Scott T. Charpentier, General Manager

STATE OF COLORADO) SS
COUNTY OF LARIMER)

Acknowledged before me this 3rd day of July, 2003 by

Scott J. Charpentier

Carole Schriber
Notary Public



Witness my hand and official seal.

My commission expires: 11/3/14

ASSOCIATION:

Hidden Valley Estates Homeowner's Association

By:

Scott T. Charpentier PRES
Name and Title

ATTEST:

Sumner Buffin Sec.
Corporate Secretary

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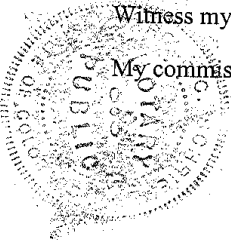
STATE OF COLORADO) SS
COUNTY OF LARIMER)

Acknowledged before me this 3rd day of July, 2002 by
Scott J. Charpentier President of Hidden Valley Estates Homeowners
Association, Inc. and James Kinjos as Secretary of Hidden Valley Estates
Homeowners Association, Inc.

Carole Bohinger
Notary Public

Witness my hand and official seal.

My commission expires: 11/3/4



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LEGAL DESCRIPTION HIDDEN VALLEY PHASE 1

A PARCEL OF LAND LOCATED IN THE WEST HALF OF SECTION 8, THE SOUTHWEST QUARTER OF SECTION 5, THE SOUTHEAST QUARTER OF SECTION 6, AND THE EAST HALF OF SECTION 7, TOWNSHIP 5 NORTH, RANGE 69 WEST OF THE 6th P.M.; COUNTY OF LARIMER, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH WEST CORNER OF SAID SECTION 8 AND CONSIDERING THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 8 TO BEAR S89°46'08"W AS DETERMINED BY GPS OBSERVATION, (EAST END OF SAID LINE BEING A 2½" ALUMINUM CAP STAMPED LS10740 AND WEST END OF SAID LINE BEING A ¾" BRASS CAP STAMPED LS16415) WITH ALL OTHER BEARINGS RELATIVE THERETO;

THENCE ALONG THE SOUTH LINE OF SAID SECTION 8, N89°46'08"E, 1318.00 FEET TO A POINT ON THE EAST LINE OF THE SOUTH WEST QUARTER OF THE SOUTH WEST QUARTER OF SAID SECTION 8;
THENCE ALONG SAID LINE N00°26'48"E, 74.42 FEET TO THE POINT OF BEGINNING;

THENCE N85°25'11"W, 61.58 FEET TO A ¾" ALUMINUM CDOT R.O.W. MARKER STAMPED LS24307 (HEREINAFTER KNOWN AS A TYPE "B" R.O.W. MARKER);
THENCE N72°12'16"W, 535.88 FEET TO A POINT TO BE KNOWN HEREINAFTER IN THIS DESCRIPTION AS POINT "A", SAID POINT BEING MARKED BY A TYPE "B" R.O.W. MARKER;
THENCE S83°37'24"W, 103.74 FEET TO A TYPE "A" R.O.W. MARKER;
THENCE N66°34'05"W, 227.06 FEET TO A TYPE "A" R.O.W. MARKER;
THENCE N75°58'48"W, 63.28 FEET TO A 4"X4"X4' TALL CONCRETE POST;
THENCE N75°29'38"W, 122.92 FEET;
THENCE N34°07'07"W, 439.35 FEET TO A POINT ON THE WEST LINE OF SAID SECTION 8;
THENCE ALONG SAID WEST LINE, N00°35'02"E, 568.17 FEET TO THE SOUTH SIXTEENTH CORNER OF SECTIONS 7 AND 8, SAID POINT BEING MARKED BY A NO. 6 REBAR AND 2 ½" ALUMINUM CAP STAMPED LS 31169;
THENCE N00°35'02"E, 1.46 FEET;
THENCE S89°02'02"W, 112.80 FEET;
THENCE S51°28'02"W, 74.16 FEET;
THENCE S18°47'02"W, 98.06 FEET;
THENCE S05°50'03"W, 128.55 FEET TO A POINT ON THE EASTERLY LINE OF THE PARCEL DESCRIBED IN THE QUIT CLAIM DEED FROM STEVEN L. WILD TO KYLE THOMAS FAUVER RECORDED AT RECEPTION NO. 98051994 OF THE LARIMER COUNTY RECORDS;
THENCE ALONG THE SAID EASTERLY LINE THE FOLLOWING THREE COURSES:

1. S14°31'57"E, 80.96 FEET;
 2. S44°18'57"E, 271.40 FEET TO A POINT ON THE WEST LINE OF SECTION 8;
 3. S00°35'02"W, 1.44 FEET;
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THENCE ALONG THE WESTERLY LINE OF SAID PARCEL THE FOLLOWING TWO COURSES:

1. ALONG A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 1221.25 FEET, A CENTRAL ANGLE OF 17°23'35", AN ARC LENGTH OF 370.73 FEET, A CHORD WHICH BEARS N52°05'55"W AND A CHORD LENGTH OF 369.30 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS20676;
2. N16°41'14"W, 160.22 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS12374;

THENCE PARTIALLY ALONG SAID WESTERLY LINE AND PARTIALLY ALONG THE EASTERLY LINE OF THAT PARCEL DESCRIBED IN THE QUIT CLAIM DEED FROM KYLE THOMAS FAUVER TO STEVEN L. WILD RECORDED AT RECEPTION NO. 98051993 OF THE LARIMER COUNTY RECORDS, THE FOLLOWING TWO COURSES:

1. N19°46'04"E, 159.82 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS12374;
2. N09°00'28"W, 172.12 FEET TO A NO. 4 REBAR WITH ILLEGIBLE CAP;

THENCE S62°43'56"E, 113.34 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS16415;
THENCE N47°02'25"E, 255.30 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS16415;
THENCE N02°21'44"E, 69.98 FEET;
THENCE N39°01'01"E, 46.71 FEET TO A POINT ON THE WEST LINE OF SECTION 8, SAID POINT BEING MARKED BY A NO. 4 REBAR WITH NO CAP;
THENCE ALONG SAID WEST LINE N00°35'54"E, 84.31 FEET TO A NAIL AND BRASS TAG STAMPED LS16415;
THENCE S60°29'34"W, 23.07 FEET;
THENCE N36°31'07"E, 181.84 FEET;
THENCE N10°54'07"E, 55.65 FEET TO A NO. 4 REBAR WITH CAP, LS16415;
THENCE N07°26'12"E, 158.40 FEET TO A NO. 4 REBAR WITH CAP, LS16415;
THENCE N06°07'11"W, 107.02 FEET TO A NO. 4 REBAR WITH CAP, LS16415;
THENCE N12°10'11"W, 148.47 FEET TO A NO. 4 REBAR WITH CAP, LS16415;
THENCE N16°02'12"W, 245.23 FEET TO THE WEST QUARTER CORNER OF SECTION 8, BEING MARKED BY A 1" REBAR WITH 2" BRASS HEAD STAMPED LS4845;
THENCE N18°02'43"W, 374.02 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS16415;
THENCE N09°02'05"W, 155.21 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS16415;
THENCE N15°25'06"W, 757.20 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS16415;
THENCE N28°47'27"W, 1451.06 FEET;
THENCE N35°55'36"W, 1689.15 FEET TO A NO. 4 REBAR WITH NO CAP;
THENCE S88°46'50"E, 2050.14 FEET TO A POINT ON THE WEST LINE OF SECTION 5, SAID POINT BEING MARKED BY A NO. 4 REBAR WITH CAP STAMPED LS 16415;
THENCE N01°03'26"E, 65.65 FEET TO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, SAID POINT BEING MARKED BY A NO. 6 REBAR WITH 2½" ALUMINUM CAP STAMPED LS31169;

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THENCE S89°53'32"E, 1254.19 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, SAID POINT BEING MARKED BY A NO. 6 REBAR WITH A 2" ALUMINUM CAP STAMPED LS16847;

THENCE S01°38'14"W, 1364.33 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTH WEST QUARTER OF SECTION 5, SAID POINT BEING MARKED BY A NO. 6 REBAR WITH 2½" ALUMINUM CAP STAMPED LS31169;

THENCE ALONG THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8, S00°49'02"E, 144.42 FEET;

THENCE DEPARTING SAID EAST LINE, S89°10'58"W, 570.08 FEET;

THENCE S00°49'02"E, 1707.47 FEET;

THENCE N89°10'58"E, 230.20 FEET;

THENCE S00°49'02"E, 333.72 FEET;

THENCE N89°10'58"E, 339.89 FEET TO A POINT ON SAID EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER;

THENCE ALONG SAID EAST LINE S00°49'02"E, 358.04 FEET TO THE WEST SIXTEENTH CORNER OF SECTION 8, SAID POINT BEING MARKED BY A NO. 6 REBAR WITH 2½" ALUMINUM CAP STAMPED LS31169;

THENCE S00°26'38"E, 1298.07 FEET TO THE SOUTH WEST SIXTEENTH CORNER OF SECTION 8, SAID POINT BEING MARKED BY A NO. 6 REBAR WITH 2½" ALUMINUM CAP STAMPED LS31169;

THENCE S00°26'48"E, 1223.99 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPT A PARCEL LOCATED IN THE SOUTHWEST QUARTER OF SAID SECTION 8; BEING THAT PARCEL OF LAND CONVEYED TO THE CITY OF LOVELAND BY DEED RECORDED IN BOOK 938, PAGE 410 OF THE LARIMER COUNTY RECORDS; AND BEING TRACT W OF THE MARIANA THIRD ADDITION TO THE CITY OF LOVELAND AS SHOWN ON THE PLAT THEREOF RECORDED IN BOOK 2202, PAGE 1216; AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "A" AS PREVIOUSLY DEFINED HEREIN; THENCE N24°41'21"W, 238.05 FEET;

THENCE N62°01'21"W, 39.97 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS11989;

THENCE N24°46'11"W, 150.06 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS11989;

THENCE N65°14'23"E, 222.05 FEET TO A NO. 4 REBAR WITH CAP STAMPED LS11989;

THENCE S24°45'10"E, 420.00 FEET;

THENCE S65°15'41"W, 198.07 FEET TO THE POINT OF BEGINNING.

EXCEPTED PARCEL CONTAINS 2.00 ACRES.

SAID DESCRIBED LAND CONTAINS 9,909,950 S.F. 227.50 ACRES MORE OR LESS AND IS SUBJECT TO ANY AND ALL CONDITIONS, EASEMENTS OR RIGHTS OF WAY OF RECORD OR THAT AS NOW EXIST ON THE GROUND.

ALSO KNOWN AS LOTS 1-13 AND RESIDUAL LOTS A-I, HIDDEN VALLEY ESTATES R.L.U.P. 01-S1901.