UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-8814

PURE CYCLE CORPORATION

(Exact name of registrant as specified in its charter)

Colorado	**84-0705083**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
34501 E. Quincy Ave., Bldg. 34, Box 10 Watkins, CO 80137	**(303) 292-3456**
(Address of principal executive offices) (Zip Code)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock 1/3 of $.01 par value	**The NASDAQ Stock Market**
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [X]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [ ]

Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter:$87,215,786

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: November 7, 2017: 23,754,098

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III is incorporated by reference from the registrant's definitive proxy statement for the Annual Meeting of Shareholders to be held in January 2018, which will be filed with the SEC within 120 days of the close of the fiscal year ended August 31, 2017.

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FORWARD-LOOKING STATEMENTS

Statements that are not historical facts contained in this Annual Report on Form 10-K, or incorporated by reference into this Form 10-K, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "anticipate," "seek," "project," "future," "likely," "believe," "may," "should," "could," "will," "estimate," "expect," "plan," "intend" and similar expressions, as they relate to us, are intended to identify forward-looking statements. Forward-looking statements include statements relating to, among other things:

- factors affecting demand for water;
- our competitive advantage;
- plans to develop additional water assets within the Denver area;
- future water supply needs in Colorado and how such needs will be met;
- anticipated increases in residential and commercial demand for water services and competition for these services;
- estimated population increases in the Denver metropolitan area and the South Platte River basin;
- plans for the use and development of our water assets and potential delays;
- plans to provide water for drilling and hydraulic fracturing of oil and gas wells;
- changes in oil and gas drilling activity on our property, on the Lowry Range, or in the surrounding areas;
- regional cooperation among area water providers in the development of new water supplies and water storage, transmission and distribution systems as the most cost-effective way to expand and enhance service capacities;
- the impact of individual housing and economic cycles on the number of connections we can serve with our water;
- increases in future water tap fees;
- negotiation of payment terms for fees;
- plans for development of our Sky Ranch property;
- the number of units planned for the first phase of development at Sky Ranch;
- the number of lots on which construction is expected to begin in the current fiscal year;
- capital required and costs to develop the first phase of Sky Ranch;
- anticipated revenues and margins from development of our Sky Ranch property;
- estimated time period for build out of Sky Ranch and sufficiency of tap fees to fund infrastructure costs;
- the impact of any downturn in the homebuilding and credit markets on our business and financial condition;
- the sufficiency of our working capital and financing sources to fund our operations;
- estimated supply capacity of our water assets;
- need for additional production capacity;
- costs and plans for treatment of water and wastewater;
- plans to use raw water, effluent water or reclaimed water for agricultural and irrigation uses;
- participation in regional water projects, including "WISE" and the timing and availability of water from WISE;
- our ability to assist Colorado "Front Range" water providers in meeting current and future water needs;
- timing of and interpretation of Land Board royalties;
- the number of new water connections needed to recover the costs of our water supplies;
- the adequacy of the provisions in the "Lease" for the Lowry Range to cover present and future circumstances;
- factors that may impact labor and material costs;
- loss of key employees and hiring additional personnel for our operations;
- anticipated timing and amount of, and sources of funding for (i) capital expenditures to construct infrastructure and increase production capacities, (ii) compliance with water, environmental and other regulations, and (iii) operations including delivery and treatment of water and wastewater;
- the ability of our deep water well enhancement tool and process to increase efficiency of wells and our plans to market that product to area water providers;
- our ability to reduce the amount of up-front construction costs for water and wastewater systems;

- ability to generate working capital and market our water assets;
- plans to sell certain farms;
- service life of constructed facilities;
- use of third parties to construct water and wastewater facilities and Sky Ranch lot improvements;
- plans to utilize fixed-price contracts;
- payment of amounts due from the Rangeview District and the Sky Ranch Districts;
- estimated property taxes;
- utilization of net operating losses;
- capital expenditures for investing in expenses and assets of the Rangeview District;
- the impact of water quality, solid waste disposal and environmental regulations on our financial condition and results of operations;
- environmental clean-up at the Lowry Range by the U.S. Army Corps of Engineers;
- our ability to comply with permit requirements and environmental regulations and the cost of such compliance;
- our ability to meet customer demands in a sustainable and environmentally friendly way;
- the recoverability of construction and acquisition costs from rates;
- our belief that we are not a public utility under Colorado law;
- impairments in carrying amounts of long-lived assets;
- changes in unrecognized tax positions;
- plans to retain earnings and not pay dividends;
- forfeitures of option grants, vesting of non-vested options and the fair value of option awards;
- the effectiveness of our disclosure controls and procedures and our internal controls over financial reporting;
- accounting estimates and the impact of new accounting pronouncements;
- future fluctuations in the price and trading volume of our common stock; and
- timing of the filing of our proxy statement.

Forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. We cannot assure you that any of our expectations will be realized. Our actual results could differ materially from those in such statements. Factors that could cause actual results to differ from those contemplated by such forward-looking statements include, without limitation:

- the timing of new home construction and other development in the areas where we may sell our water, which in turn may be impacted by credit availability;
- population growth;
- changes in employment levels, job and personal income growth and household debt-to-income levels;
- changes in consumer confidence generally and confidence of potential homebuyers in particular;
- the ability of existing homeowners to sell their existing homes at prices that are acceptable to them;
- changes in the supply of available new or existing homes and other housing alternatives, such as apartments and other residential rental property;
- timing of oil and gas development in the areas where we sell our water;
- general economic conditions;
- the market price of water;
- the market price of oil and gas;
- changes in customer consumption patterns;
- changes in applicable statutory and regulatory requirements;
- changes in governmental policies and procedures, including with respect to land use, environmental and tax matters;
- changes in interest rates;
- private and federal mortgage financing programs and lending practices;
- uncertainties in the estimation of water available under decrees;
- uncertainties in the estimation of costs of delivery of water and treatment of wastewater;
- uncertainties in the estimation of the service life of our systems;
- uncertainties in the estimation of costs of construction projects;

- the strength and financial resources of our competitors;
- our ability to find and retain skilled personnel;
- climatic and weather conditions, including floods, droughts and freezing conditions;
- labor relations;
- turnover of elected and appointed officials and delays caused by political concerns and government procedures;
- availability and cost of labor, material and equipment;
- delays in anticipated permit and construction dates;
- engineering and geological problems;
- environmental risks and regulations;
- our ability to raise capital;
- our ability to negotiate contracts with new customers;
- uncertainties in water court rulings; and
- the factors described under "Risk Factors" in this Annual Report on Form 10-K.

We undertake no obligation, and disclaim any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements are expressly qualified by this cautionary statement.

Glossary of terms

The following terms are commonly used in the water industry and are used throughout our annual report:

- Acre Foot – approximately 326,000 gallons of water, or enough water to cover an acre of ground with one foot of water. For some instances herein, as context dictates, the term acre feet is used to designate an annual decreed amount of water available during a typical year.

- Customer Facilities – facilities that carry potable water and reclaimed water to customers from the retail water distribution system (see "Retail Facilities" below) and collect wastewater from customers and transfer it to the retail wastewater collection system. Water and wastewater service lines, interior plumbing, meters and other components are typical examples of Customer Facilities. In many cases, portions of the Customer Facilities are constructed by the developer. Customer Facilities are typically owned and maintained by the customer.

- Non-Tributary Groundwater – groundwater located outside the boundaries of any designated groundwater basins in existence on January 1, 1985, the withdrawal of which will not, within one hundred years of continuous withdrawal, deplete the flow of a natural stream at an annual rate greater than one-tenth of one percent of the annual rate of withdrawal.

- Not Non-Tributary Groundwater – statutorily defined as groundwater located within those portions of the Dawson, Denver, Arapahoe, and Laramie Fox-Hill aquifers outside of designated basins that does not meet the definition of "non-tributary."

- Retail Facilities – facilities that distribute water to and collect wastewater from an individual subdivision or community. Developers are typically responsible for the funding and construction of Retail Facilities. Once we certify that the Retail Facilities have been constructed in accordance with our design criteria, the developer dedicates the Retail Facilities to a quasi-municipal political subdivision of the state, and we operate and maintain the facilities on behalf of such political subdivision.

- Section – a parcel of land equal to one square mile and containing 640 acres.

- SFE – a single family equivalent unit. One SFE is a customer – whether residential, commercial or industrial – that imparts a demand on our water or wastewater systems similar to the demand of a family of four persons living in a single family house on a standard sized lot. One SFE is assumed to have a water demand of approximately 0.4 acre feet per year and to contribute wastewater flows of approximately 300 gallons per day.

- Special Facilities – facilities that are required to extend services to an individual development and are not otherwise classified as a typical "Wholesale Facility" or "Retail Facility." Temporary infrastructure required prior to construction of permanent water and wastewater systems or transmission pipelines to transfer water from one location to another are examples of Special Facilities. We typically design and construct the Special Facilities using funds provided by the developer in addition to the normal rates, fees and charges that we collect from our customers. We are typically responsible for the operation and maintenance of the Special Facilities upon completion.

- Tributary Groundwater – all water located in an aquifer that is hydrologically connected to a natural stream such that depletion has an impact on the surface stream.

- Tributary Surface Water – water on the surface of the ground flowing in a stream or river system.

- Wholesale Facilities – facilities that serve an entire service area or major regions or portions thereof. Wells, treatment plants, pump stations, tanks, reservoirs, transmission pipelines, and major sewage lift stations are typical examples of Wholesale Facilities. We own, design, construct, operate, maintain and repair Wholesale Facilities which are typically funded using rates, fees and charges that we collect from our customers.

PART I

Item 1 – Business

Pure Cycle Corporation, a Colorado corporation ("we," "us" or "our"), is a vertically integrated water company that:

- provides wholesale water and wastewater services;

- designs, constructs, operates and maintains water and wastewater systems;

- supplies untreated water for hydraulic fracturing and other commercial/industrial uses; and

- is developing a master planned residential community as part of our plan to monetize our water assets.

As a vertically integrated water company, we own or control substantially all assets necessary to provide wholesale water and wastewater services to our customers. We own or control the water rights that we use to provide domestic and irrigation water to our wholesale customers (including surface water, groundwater, reclaimed water rights and water storage rights). We own the infrastructure required to (i) withdraw, treat, store and deliver water (such as wells, diversion structures, pipelines, reservoirs and treatment facilities); (ii) collect, treat, store and reuse wastewater; and (iii) treat and deliver reclaimed water for irrigation use. We are principally targeting the "I-70 corridor," a largely undeveloped area located east of downtown Denver and south of Denver International Airport along Interstate 70, as we expect the I-70 corridor to experience substantial growth over the next 30 years.

We provide wholesale water and wastewater services predominantly to two local governmental entities that in turn provide residential and commercial water and wastewater services to communities along the eastern slope of Colorado in the area referred to as the "Front Range," extending essentially from Fort Collins on the north to Colorado Springs on the south. Our largest customer is the Rangeview Metropolitan District (the "Rangeview District"), which is a quasi-municipal political subdivision of the State of Colorado. We have the exclusive right to provide wholesale water and wastewater services to the Rangeview District and its end-use customers pursuant to the "Rangeview Water Agreements" and the "Off-Lowry Service Agreement" (each defined below). Through the Rangeview District, we currently provide wholesale service to 391 SFE water connections and 157 SFE wastewater connections located in the Rangeview District's service area of southeastern metropolitan Denver in an area called the Lowry Range and other nearby areas where we have acquired service rights.

We supply untreated water to industrial customers for various purposes and to oil and gas companies for hydraulic fracturing on properties located within or adjacent to our service areas. Oil and gas operators have leased more than 135,000 acres within and adjacent to our service areas to explore and develop oil and gas interests in the oil-rich Niobrara and other formations. We have capitalized on the need for significant water supplies for hydraulic fracturing in proximity to our existing water supplies and infrastructure.

In addition to our water and wastewater operations we are developing 931 acres of land we own along Denver's I-70 corridor as a master planned community known as Sky Ranch. In June 2017, we entered into agreements to sell a total of 506 residential lots at Sky Ranch to three national home builders. Pursuant to agreements with the Rangeview District, we are the exclusive provider of wholesale water and wastewater services to the future residents of Sky Ranch.

Pure Cycle Corporation was incorporated in Delaware in 1976 and reincorporated in Colorado in 2008. Unless otherwise specified or the context otherwise requires, all references to "we," "us," or "our" are to Pure Cycle Corporation and its subsidiaries on a consolidated basis. Pure Cycle's common stock trades on The NASDAQ Stock Market under the ticker symbol "PCYO."

Our Water and Land Assets

This section should be read in conjunction with *Item 1A – Risk Factors, Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Use of Estimates*, and Note 4 – *Water and Land Assets*.

The $34.6 million of capitalized water costs on our balance sheet represents the costs of the water rights we own or have the exclusive right to use and the related infrastructure developed to provide wholesale water and wastewater services. Our water assets are as follows:

Table A - Water Assets

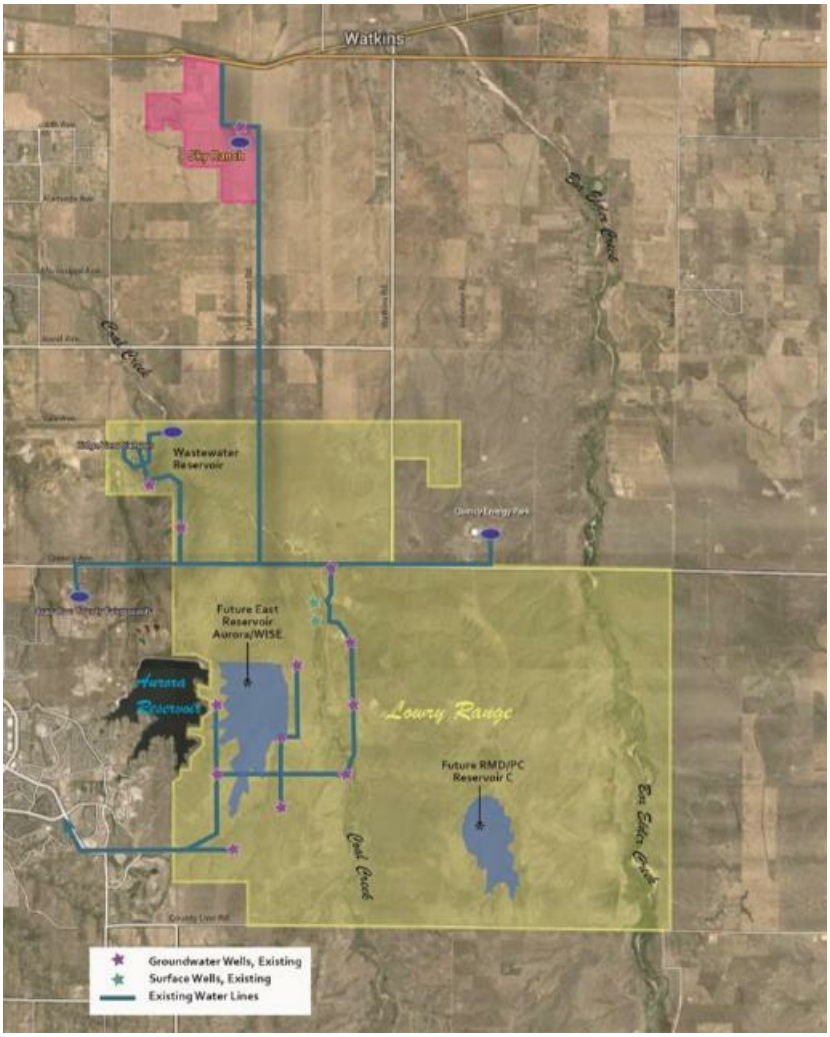
Water Source	**Groundwater (acre feet)**
Lowry (Rangeview Water Supply)	
Export (1)	11,650
Non-Export (1)	12,035
Fairgrounds	321
Sky Ranch	828
	24,834
	Surface Water (acre feet)
Lowry (1)	3,300
WISE	500
	3,800
Total (Groundwater and Surface Water)	28,634

(1) The combined Lowry water rights are 26,985 acre feet.

We believe we can serve approximately 60,000 SFEs.

Our service areas and water and land assets are described in greater detail in the maps and discussion that follow:

The map below indicates the location of our Denver area assets.



Rangeview Water Supply and the Lowry Range

Our Rangeview Water – We own or control a total of approximately 3,300 acre feet of tributary surface water, 23,685 acre feet of non-tributary and not non-tributary groundwater rights, and approximately 26,000 acre feet of adjudicated reservoir sites that we refer to as our "Rangeview Water Supply." This water is located in the southeast Denver metropolitan area at the "Lowry Range," which is owned by the State Board of Land Commissioners (the "Land Board") and is described below.

Rangeview Water Agreements – We acquired our Rangeview Water Supply in April 1996 pursuant to the following agreements:

(i) The 1996 Amended and Restated Lease Agreement between the Land Board and the Rangeview District, which was superseded by the 2014 Amended and Restated Lease Agreement, dated July 10, 2014 (the "Lease"), among the Land Board, the Rangeview District and us;

(ii) The Agreement for Sale of non-tributary and not non-tributary groundwater which we can "export" from the Lowry Range to supply water to nearby communities (this portion of the Rangeview Water Supply is referred to as our "Export Water") between us and the Rangeview District (the "Export Agreement"); and

(iii) The 1996 Service Agreement between us and the Rangeview District for the provision of water service to the Rangeview District's customers located on the Lowry Range, which was superseded by the Amended and Restated Service Agreement, dated July 11, 2014 (the "Lowry Service Agreement"), between us and the Rangeview District.

Additionally, in 1997 we entered into a Wastewater Service Agreement (the "Lowry Wastewater Agreement") with the Rangeview District to provide wastewater service to the Rangeview District's customers on the Lowry Range.

The Lease, the Export Agreement, the Lowry Service Agreement the Lowry Wastewater Agreement, are collectively referred to as the "Rangeview Water Agreements."

Pursuant to the Rangeview Water Agreements, we design, construct, operate and maintain the Rangeview District's water and wastewater systems to allow the Rangeview District to provide water and wastewater service to its customers located within the Rangeview District's service area at the Lowry Range. Subject to the terms and conditions of the Lease, we are the exclusive water and wastewater provider on the Lowry Range, and we operate both the water and the wastewater systems during our contract period on behalf of the Rangeview District, which owns the facilities for both systems. At the expiration of our contract term in 2081, ownership of the water system facilities located on the Lowry Range used to deliver Non-Export Water to customers will revert to the Land Board, with the Rangeview District retaining ownership of the wastewater facilities. Through facilities we own, we use our Export Water, and we intend to use other supplies owned by us, to provide wholesale water service and wastewater service to customers located outside of the Lowry Range, including customers of the Rangeview District and other governmental entities and industrial and commercial customers.

Of the approximately 26,985 acre feet of water comprising our Rangeview Water Supply, we own 11,650 acre feet of Export Water, which consists of 10,000 acre feet of groundwater and 1,650 acre feet of average yield surface water, pending completion by the Land Board of documentation related to the exercise of our right to substitute 1,650 acre feet of our groundwater for a comparable amount of surface water. Additionally, assuming the completion of the substitution of groundwater for surface water, we hold the exclusive right to develop and deliver through the year 2081 the remaining 13,685 acre feet of groundwater and approximately 1,650 acre feet of average yield surface water to customers either on or off of the Lowry Range. The Rangeview Water Agreements also grant us the right to use surface reservoir capacity to provide water service to customers both on and off the Lowry Range.

The Lowry Range Property – The Lowry Range is located in unincorporated Arapahoe County, about 20 miles southeast of downtown Denver. The Lowry Range is one of the largest contiguous parcels under single ownership next to a major metropolitan area in the United States. The Lowry Range is approximately 27,000 acres in size or about 40 square miles of land. Of the 27,000 acres, pursuant to our agreements with the Land Board and the Rangeview District, we have the exclusive rights to provide water and wastewater services to approximately 24,000 acres of the Lowry Range.

Rangeview Metropolitan District – The Rangeview District is a quasi-municipal corporation and political subdivision of Colorado formed in 1986 for the purpose of providing water and wastewater service to the Lowry Range and other approved areas. The Rangeview District is governed by an elected board of directors. Eligible voters and persons eligible to serve as directors of the Rangeview District must own an interest in property within the boundaries of the Rangeview District. We own certain rights and real property interests which encompass the current boundaries of the Rangeview District. The current directors of the Rangeview District are Mark W. Harding, Scott E. Lehman, and James Ewing (all are employees of Pure Cycle), and two independent board members. Pursuant to Colorado law, directors may receive $100 for each board meeting they attend, up to a maximum of $1,600 per year. Mr. Harding, Mr. Lehman, and Mr. Ewing have all elected to forego these payments.

South Metropolitan Water Supply Authority ("SMWSA") and Water Infrastructure Supply Efficiency Partnership ("WISE") – SMWSA is a municipal water authority in the State of Colorado organized to pursue the acquisition and development of new water supplies on behalf of its members, including the Rangeview District. SMWSA members include 14 Denver area water providers in Arapahoe and Douglas Counties. The Rangeview District became a member of SMWSA in 2009 in an effort to participate with other area water providers, in developing regional water supplies along the Front Range. We entered into a Participation Agreement with the Rangeview District on December 16, 2009, whereby we agreed to provide funding to the Rangeview District in connection with its membership in the SMWSA (the "SMWSA Participation Agreement"). SMWSA members have been working with the City and County of Denver acting through its Board of Water Commissioners ("Denver Water") and the City of Aurora acting by and through its Utility Enterprise ("Aurora Water") on a cooperative water project known as the WISE, which seeks to develop regional infrastructure that would interconnect members' water transmission systems to be able to develop additional water supplies from the South Platte River in conjunction with Denver Water and Aurora Water. In July 2013, the Rangeview District together with nine other SMWSA members formed the South Metro WISE Authority ("SMWA") pursuant to the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement (the "SM IGA") to enable its members to participate in WISE. The SM IGA specifies each member's pro rata share of WISE and the members' rights and obligations with respect to WISE. On December 31, 2013, SMWA, Denver Water and Aurora Water entered into the Amended and Restated WISE Partnership – Water Delivery Agreement (the "WISE Partnership Agreement"), which provides for the purchase and construction of certain infrastructure (pipelines, water storage facilities, water treatment facilities, and other appurtenant facilities) to deliver water to and among the 10 members of the SMWA, Denver Water and Aurora Water. We have entered into the Rangeview/Pure Cycle WISE Project Financing and Service Agreement with the Rangeview District dated November 19, 2014 (effective as of December 22, 2014), which obligates us to fund the Rangeview District's cost of participating in WISE (the "WISE Financing Agreement"). In exchange for funding the Rangeview District's obligations in WISE, we will have the sole right to use and reuse the Rangeview District's approximate 7% share of the WISE water and infrastructure to provide water service to the Rangeview District's customers and to receive the revenue from such service. Upon completion of the WISE infrastructure in 2017, we will be entitled to approximately three million gallons per day of transmission pipeline capacity and 500 acre feet per year of water. In accordance with the WISE Financing Agreement and the SMWSA Participation Agreement, to date we have provided approximately $3.1 million of financing to the Rangeview District to fund its obligation to finance the purchase of infrastructure for WISE, its obligations related to SMWSA, and the construction of a connection to the WISE system. We anticipate that we will be spending the following over the next five fiscal years to fund the Rangeview District's purchase of its share of the water transmission line and additional facilities, water and related assets for WISE and to fund operations and water deliveries related to WISE:

Table B - Estimated WISE Costs

	For the Fiscal Years Ended August 31,				
	2018	2019	2020	2021	2022
Subscription (Operations)	$ 51,800	$ 51,800	$ 51,800	$ 51,800	$ 51,800
Water Deliveries	232,000	348,000	493,000	738,000	897,000
Capital (Infrastructure)	338,100	1,555,400	74,200	-	-
Other	23,600	86,600	23,600	68,300	83,200
	$ 645,500	$ 2,041,800	$ 642,600	$ 858,100	$ 1,032,000

Land Board Royalties – Pursuant to the Rangeview Water Agreements, the Land Board is entitled to royalty payments based on a percentage of revenues earned from water sales that utilize water from the Rangeview Water Supply. The calculation of royalties depends on the water source, whether the customer is a public or private entity, and the location of the customer. Royalties were modified in July 2014 pursuant to the terms of the Lease. The Land Board does not receive a royalty from wastewater services.

Water Customers – When we develop, operate and deliver water service utilizing water from our Rangeview Water Supply, payments from customers generate royalties to the Land Board at a rate of 12% of gross revenues from private customers and customers on the Lowry Range and 10% from public entity customers. In the event that either (i) metered production of water used on the Lowry Range in any calendar year exceeds 13,000 acre feet or (ii) 10,000 surface acres on the Lowry Range have been rezoned to non-agricultural use, finally platted and water tap agreements have been entered into with respect to all improvements to be constructed on such acreage, the Land Board may elect, at its option, to receive, in lieu of its royalty of 12% of gross revenues, 50% of the collective net profits (ours and the Rangeview District's) derived from the sale or other disposition of water on the Lowry Range. To date neither of these conditions has been met, and such conditions are not likely to be met any time soon. In addition to royalties on the sale of metered water deliveries, the Land Board will receive a royalty on the sale of water taps at the rate of two percent, except for the sale of any taps to Sky Ranch, of the gross amount received from the sale of a water tap.

Sale of Water Rights – In the event we sell our Export Water right outright rather than developing and delivering water service, royalties to the Land Board escalate based on the amount of gross revenue we receive and are lower for sales to a water district or similar municipal or public entity than for sales to a private entity as noted in Table C.

Table C - Royalties for Sale of Export Water Rights

Gross Revenues		Royalty Rate	
		Private Entity Buyer	Public Entity Buyer
$	0 - $45,000,000	12%	10%
$	45,000,001 - $60,000,000	24%	20%
$	60,000,001 - $75,000,000	36%	30%
$	75,000,001 - $90,000,000	48%	40%
Over $90,000,000		50%	50%

We are also required to pay the Land Board a minimum annual water production fee, which is currently under negotiation, but we have estimated the minimum fee to be approximately $45,600 per year, which is to be credited against future royalties.

East Cherry Creek Valley System – Pursuant to a 1982 contractual right, the Rangeview District may purchase water produced from East Cherry Creek Valley Water and Sanitation District's ("ECCV") Land Board system. ECCV's Land Board system is comprised of eight wells and more than 10 miles of buried water pipeline located on the Lowry Range. In May 2012, in order to increase the delivery capacity and reliability of these wells, in our capacity as the Rangeview District's service provider and the Export Water Contractor (as defined in the Lease among us, the Rangeview District and the Land Board), we entered into an agreement to operate and maintain the ECCV facilities allowing us to utilize the system to provide water to commercial and industrial customers, including customers providing water for drilling and hydraulic fracturing of oil and gas wells. Our costs associated with the use of the ECCV system are a flat monthly fee of $8,000 per month from January 1, 2013 through December 31, 2020, and will decrease to $3,000 per month from January 1, 2021 through April 2032. Additionally, we pay a fee per 1,000 gallons of water produced from ECCV's system, which is included in the water usage fees charged to customers.

Arapahoe County Fairgrounds Agreement for Water Service

In 2005, we entered into an Agreement for Water Service (the "County Agreement") with Arapahoe County to design, construct, operate and maintain a water system for, and provide water services to, the county for use at the Arapahoe County fairgrounds (the "Fairgrounds"), which are located west of the Lowry Range. Pursuant to the County Agreement, we purchased 321 acre feet of water from the county in 2008. Further details of the arrangements with the county are described in Note 4 – *Water and Land Assets* to the accompanying financial statements.

Pursuant to the County Agreement, we constructed and own a deep water well, a 500,000-gallon water tank and pipelines to transport water to the Fairgrounds. The construction of these items was completed in our fiscal 2006, and we began providing water service to the county in 2006.

Water Sales for Fracking

We provide water for hydraulic fracturing ("fracking") of oil and gas wells being developed in the Niobrara Formation to and around the Land Board's Lowry Range property and our Sky Ranch property. Oil and gas drilling in our area is affected by the price of oil and can vary from year to year. Wells developed in the Niobrara Formation utilize between 10 and 20 million gallons of water to drill and frack, which equates to selling water to between approximately 100 and 200 homes for an entire year.

Water revenues from sales of water for the construction of well sites and for drilling and fracking wells drilled into the Niobrara Formation were approximately $478,000 and $600 during the fiscal years ended August 31, 2017 and 2016, respectively. With a large percentage of the acreage surrounding the Lowry Range in Arapahoe, Adams, Elbert, and portions of Douglas Counties already leased by oil companies, we anticipate providing additional water for drilling and fracking of oil and gas wells in the future. Previously nearly all oil and gas development was attributable to our largest fracking customer ConocoPhillips Company ("ConocoPhillips"). However, in the past year there have been two other oil and gas companies acquiring lease interests in the area and each of these companies have drilled and fracked wells. We anticipate continued development of oil and gas wells at the Lowry Range, Sky Ranch and the surrounding area by multiple operators.

Service to Customers Not on the Lowry Range

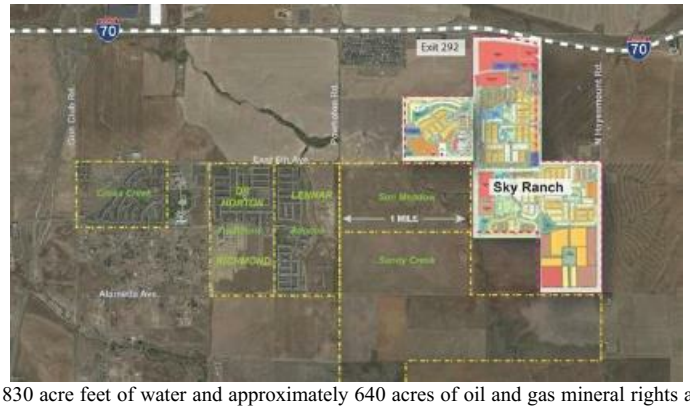
Since January 2017, we have had an agreement with the Rangeview District to be the Rangeview District's exclusive provider of water and wastewater services to the Rangeview District's customers located outside of its Lowry Range service area. This agreement was confirmed in the Export Service Agreement, dated June 16, 2017 (the "Off-Lowry Service Agreement"), between us and the Rangeview District. Pursuant to the Off-Lowry Service Agreement, we design, construct, operate and maintain the Rangeview District's water and wastewater systems and the systems of other communities that have service contracts with the Rangeview District to provide water and wastewater services to the Rangeview District's customers that are not on the Lowry Range (currently, Wild Pointe Ranch and Sky Ranch). In exchange for providing water and wastewater services to the Rangeview District's customers that are not on the Lowry Range, we receive 100% of water and wastewater tap fees, 98% of the water usage fees, and 90% of the monthly wastewater service fees and wastewater usage fees received by the Rangeview District from its customers that are not located on the Lowry Range, after deduction of royalties due to the Land Board, if applicable. See Rangeview Water Supply and Lowry Range – *Land Board Royalties* above. The water usage fees to be collected for service at Sky Ranch are the only fees that would currently be subject to the Land Board royalty.

Wild Pointe – Elbert & Highway 86 Commercial Metropolitan District – In 2017, we entered into an agreement with the Rangeview District, which had entered into an agreement with Elbert & Highway 86 Commercial Metropolitan District ("Elbert 86 District") to operate and maintain a water system for residential and commercial customers at the Wild Pointe development in Elbert County. The water system includes two deep water wells, a pump station, treatment facility, storage facility, over eight miles of transmission lines, and approximately 457 acre feet of water rights serving the development. We provided $1.6 million in funding to acquire the exclusive rights to operate and maintain all the water facilities in exchange for payment of the remaining residential and commercial tap fees and annual water use fees. Service to Wild Pointe is governed by the Off-Lowry Service Agreement.

Sky Ranch Water and Wastewater Service – As described in more detail below, we are developing 931 acres of land we own as a master planned community known as Sky Ranch. Pursuant to the Sky Ranch Water and Wastewater Service Agreement, dated June 19, 2017 (the "Sky Ranch Service Agreement"), between PCY Holdings, LLC, our wholly owned subsidiary and the owner of the Sky Ranch property ("PCY Holdings"), and the Rangeview District, PCY Holdings agreed to construct certain facilities necessary to provide water and wastewater service to Sky Ranch, and the Rangeview District agreed to provide water and wastewater services for the Sky Ranch development. Pursuant to the Off-Lowry Service Agreement, we are the exclusive provider of water and wastewater services to future residents of the Sky Ranch development.

Sky Ranch Development

In 2010, we purchased approximately 931 acres of undeveloped land located in unincorporated Arapahoe County known as Sky Ranch. Sky Ranch is located directly adjacent to I-70, 16 miles east of downtown Denver, four miles north of the Lowry Range, and four miles south of Denver International Airport.



The property includes rights to approximately 830 acre feet of water and approximately 640 acres of oil and gas mineral rights and has been zoned for residential, commercial and retail uses that may include up to 4,850 SFEs. Sky Ranch is zoned for 4,400 homes and 1.35 million square feet of commercial and retail property. We currently lease the land to an area farmer on a year to year basis. We have leased the minerals underlying the land to a major independent exploration and production company. We have been engaged in the design, permitting, engineering and development of Sky Ranch to develop residential lots for entry-level housing (houses costing in the $300,000 range). We plan to develop the first phase of Sky Ranch, which will include 151 acres and 506 detached single family lots. We anticipate beginning construction of an initial 200 lots in fiscal 2018 pursuant to the Purchase and Sale Contracts described below.

In June 2017, we entered into purchase and sale agreements (collectively, the "Purchase and Sale Contracts") with three separate home builders pursuant to which we agreed to sell, and each builder agreed to purchase, a certain number (totaling 506) of single-family, detached residential lots at the Sky Ranch property. We will be developing finished lots for each of the three home builders (which are lots on which homes are ready to be built that include roads, curbs, wet and dry utilities, storm drains and other improvements). Each builder is required to purchase water and sewer taps for the lots from the Rangeview District, the cost of which depends on the size of the lot, the size of the house, and the amount of irrigated turf. Pursuant to the Off-Lowry Service Agreement, we will receive all of the water tap fees and wastewater tap fees and 90% of the monthly service fees and usage fees for wastewater services received by the Rangeview District from customers at Sky Ranch. We will also receive98% of the usage fees for water services received by the Rangeview District from customers at Sky Ranch, after deduction, in most instances, of the royalty to the Land Board related to the use of the Rangeview Water Supply.

The closing of the transactions contemplated by each Purchase and Sale Contract is subject to customary closing conditions, including, among others, the builder's completion to its satisfaction of a title review and other due diligence of the property, the accuracy of the representations and warranties made by us in the Purchase and Sale Contract, and a commitment by the title company to issue to the builder a title policy, subject to certain conditions. Within three business days of the execution of each Purchase and Sale Contract, each builder paid an earnest money deposit. Each builder had a 60-day due diligence period during which it had the right to terminate the Purchase and Sale Contract and receive a full refund of its earnest money deposit. The initial due diligence period was extended; however, on November 10, 2017, each builder completed its due diligence period and agreed to continue with its respective Purchase and Sale Contract. Pursuant to certain Purchase and Sale Contracts, the builder is required to make an additional earnest money deposit or deposits after the due diligence period and/or final approval of the entitlements for the property. The earnest money deposit or deposits will be applied to the payment of the purchase price of the lots at closing in accordance with a specified takedown schedule or be paid to us in the event of certain defaults by a builder. Pursuant to each Purchase and Sale Contract, we must obtain final approval of the entitlements for the property by August 2018 (which date we may extend by six months).

We are obligated pursuant to the Purchase and Sale Contracts, or separate Lot Development Agreements (the "Lot Development Agreements" and, together with the Purchase and Sale Contracts, the "Builder Contracts"), to construct infrastructure and other improvements, such as roads, curbs and gutters, park amenities, sidewalks, street and traffic signs, water and sanitary sewer mains and stubs, storm water management facilities, and lot grading improvements for delivery of finished lots to each builder. Pursuant to the Builder Contracts, we must cause the Rangeview District to install and construct off-site infrastructure improvements (*i.e.*, drainage and storm water retention ponds, a wastewater reclamation facility, and wholesale water facilities) for the provision of water and wastewater service to the property. In conjunction with our approvals with Arapahoe County for the Sky Ranch project, we and/or the Rangeview District and the Sky Ranch Districts are obligated to deposit into an account the anticipated costs to install and construct substantially all the off-site infrastructure improvements (which include drainage, wholesale water and wastewater, and entry roadway), which we estimate will be approximately $10.2 million.

We estimate the total capital required to develop lots in the first phase (506 lots) of Sky Ranch is approximately $27.8 million, and estimate lots sales to home builders to generate $35 million providing a margin on lots of approximately $7.2 million. Utility revenues are derived from tap fees (which vary depending on lot size, house size, and amount of irrigated turf) and usage fees (which are monthly water and wastewater fees). Our current Sky Ranch water tap fees are $26,650 (per SFE), and wastewater taps fees are $4,659 (per SFE).

Sky Ranch Metropolitan District No. 1, 3, 4, and 5 – The Sky Ranch Metropolitan District Nos. 1, 3, 4 and 5 are quasi-municipal corporations and political subdivisions of Colorado formed in 2004 for the purpose of providing service to the approximately 930 acres of the Sky Ranch property (the "Sky Ranch Districts"). The Sky Ranch Districts are governed by an elected board of directors. Eligible voters and persons eligible to serve as directors of the Sky Ranch Districts must own an interest in property within the boundaries of the district. We own certain rights and real property interests which encompass the current boundaries of the districts. The current directors of the districts are Mark W. Harding, Scott E. Lehman, and James Ewing (all are employees of Pure Cycle), and two independent board members. Pursuant to Colorado law, directors may receive $100 for each board meeting they attend, up to a maximum of $1,600 per year. Mr. Harding, Mr. Lehman, and Mr. Ewing have all elected to forego these payments.

Oil and Gas Leases

In 2011, we entered into a three year Oil and Gas Lease (the "O&G Lease") and Surface Use and Damage Agreement (the "Surface Use Agreement") and received an up-front payment of $1,243,400 ($1,900 per mineral acre), and a 20% of gross proceeds royalty (less certain taxes) from the sale of any oil and gas produced from the approximately 634 acres of mineral estate we own at Sky Ranch. In 2014 the O&G Lease was extended for an additional two (2) years, and we received an additional up-front payment of $1,243,400 for the extension. The O&G Lease is now held by production and we have been receiving royalties from the oil and gas production from two wells drilled within our mineral interest. During the fiscal year ended August 31, 2017, we received $186,600 in royalties attributable to these two wells.

In 2015, we received an up-front payment of $72,000, pursuant to a lease (which expired in fiscal 2017) for the purpose of exploring for, developing, producing, and marketing oil and gas of 40 acres of mineral estate we own adjacent to the Lowry Range (the "Rangeview Lease"). In September 2017, we entered into a three-year Paid-Up Oil and Gas Lease with Bison Oil and Gas, LLP (the "Bison Lease"), for this 40-acre mineral estate, and we received an up-front payment of $167,200.

Arkansas River Land and Minerals

We own three farms totaling 700 acres in the Arkansas River Valley. The farms were acquired in order to correct dry-up covenant issues related to water only farms and we currently lease all three farms for dry land grazing. We intend to sell the farms in due course and have classified the farms as long term investments. We also own approximately 13,900 acres of mineral interests in the Arkansas River Valley, which have an estimated value of approximately $1.4 million. We currently have no plans to sell our mineral interests.

Well Enhancement and Recovery Systems

In 2007, we, along with two other parties, formed Well Enhancement and Recovery Systems LLC ("Well Enhancement LLC"), to develop a new deep water well enhancement tool and process that we believe will increase the efficiency of wells completed into the Denver Basin groundwater formations. According to results from studies performed by an independent hydro-geologist, the well enhancement tool effectively increased the production of the two test wells by 80% and 83% when compared to that of nearby wells developed in similar formations at similar depths. Based on the positive results of the test wells, we continue to refine the process of enhancing deep water wells and are marketing the tool to area water providers. We currently hold a 50% interest in Well Enhancement LLC. We have not drilled any new wells in the past three years and have not used the tool during this period, but we intend to continue to use the tool when we drill new water wells.

Revenues

We generate revenues through our wholesale water and wastewater operations predominately from three sources: (i) monthly service and contract delivery fees, (ii) one-time water and wastewater tap fees and construction fees, and (iii) consulting fees. Our revenue sources and how we account for them are described in greater detail below. We typically negotiate the payment terms for tap fees, construction fees, and other water and wastewater service fees with our wholesale customers as a component of our service agreements prior to construction of the project. However, with respect to customers on the Lowry Range, pursuant to the Lease, the Rangeview District's rates and charges to such end-use customers may not exceed the average of similar rates and charges of three nearby water providers.

i) Monthly Service Fees – Monthly wholesale water usage fees are assessed to our customers based on actual metered deliveries to their end-use customers each month. Water usage fees are based on a tiered pricing structure that provides for higher prices as customers use greater amounts of water. The water usage fees for end-use customers on the Lowry Range are noted below in Table D:

Table D - Lowry Range Tiered Water Usage Pricing Structure

	Price ($ per thousand gallons)		
Base charge per SFE	$ 32.27	$ 30.35	$ 30.35
0 gallons to 10,000 gallons	$ 3.91	$ 3.51	$ 3.51
10,001 gallons to 20,000 gallons	$ 5.14	$ 5.31	$ 5.31
20,001 gallons to 40,000 gallons	$ 8.08	$ 8.12	$ 8.12
40,001 gallons and above	$ 9.87	$ 9.55	$ 9.55

The figures in Table D reflect the amounts charged to the Rangeview District's end-use customers on the Lowry Range. In exchange for providing water service to the Rangeview District's Lowry Range customers, we receive 98% of the usage charges received by the Rangeview District relating to water services after deducting the required royalty to the Land Board (described above at Rangeview Water Supply and Lowry Range – *Land Board Royalties*). The amounts charged by the Rangeview District to its end-use customers off the Lowry Range are determined pursuant to the Rangeview District's service agreements with such customers and such rates may vary. In exchange for providing water service to the Rangeview District's customers off the Lowry Range, we receive 98% of the usage charges received by the Rangeview District relating to water services after deducting any required royalty to the Land Board. The royalty to the Land Board is required for water service provided utilizing our Rangeview Water Supply, which includes most of our current customers except those at Wild Pointe. In exchange for providing wastewater services, we receive 90% of the Rangeview District's monthly wastewater service and usage fees, as well as the right to use or sell the reclaimed water.

In addition to the tiered water usage pricing structure, we currently charge a hydrant rate of $10.50 per thousand gallons for commercial and industrial customers. We also collect other immaterial fees and charges from customers and other users to cover miscellaneous administrative and service expenses, such as application fees, review fees and permit fees.

ii) Water and Wastewater Tap Fees and Construction Fees – Tap fees are typically paid by developers in advance of construction activities and are non-refundable. Tap fees are typically used to fund construction of the Wholesale Facilities and defray the acquisition costs of obtaining water rights and operating facilities.

The Rangeview District's 2017 water tap fees are $24,974, and its wastewater tap fees are $4,659.

In exchange for providing water service to the Rangeview District's customers on the Lowry Range, we receive 100% of the Rangeview District's tap fees after deducting the two percent royalty to the Land Board described above. In exchange for providing water service to the Rangeview District's customers off the Lowry Range, we currently receive 100% of the Rangeview District's tap fees. If water taps are sold to customers not located on the Lowry Range that are to be serviced utilizing the Rangeview Water Supply (other than taps to Sky Ranch, which are exempt), the two percent royalty to the Land Board would be deducted from the amount we receive. In exchange for providing wastewater services, whether to customers on or off the Lowry Range, we receive 100% of the Rangeview District's wastewater tap fees.

Construction fees are fees we receive, typically in advance, from developers for us to build certain infrastructure such as Special Facilities which are normally the responsibility of the developer.

iii) Consulting Fees – Consulting fees are fees we receive, typically on a monthly basis, from municipalities and area water providers along the I-70 corridor, for systems with respect to which we provide contract operations services.

Significant Customers

Our wholesale water and wastewater sales to the Rangeview District pursuant to the Rangeview Water Agreements accounted for 26%, 67% and 19% of our total water revenues for the fiscal years ended August 31, 2017, 2016 and 2015, respectively. The Rangeview District has one significant customer, the Ridgeview Youth Services Center ("Ridgeview"). Pursuant to our Rangeview Water Agreements with the Rangeview District, we are providing water to Ridgeview on behalf of the Rangeview District. Ridgeview accounted for 21%, 55% and 16% of our total water revenues for the fiscal years ended August 31, 2017, 2016 and 2015, respectively.

Our industrial water sales (i) directly and indirectly to ConocoPhillips accounted for approximately 30%, less than 1% and 75% and (ii) to Bison Oil and Gas accounted for approximately 25%, nil, and nil, of our total water revenues for the fiscal years ended August 31, 2017, 2016 and 2015, respectively.

Our Projected Operations

This section should be read in conjunction with *Item 1A – Risk Factors*.

Along the Colorado Front Range, there are over 70 water providers with varying needs for replacement and new water supplies. We believe we are well positioned to assist certain of these providers in meeting their current and future water needs.

We design, construct and operate our water and wastewater facilities using advanced water purification and wastewater treatment technologies which allow us to use our water supplies in an efficient and environmentally sustainable manner. We plan to develop our water and wastewater systems in stages to efficiently meet demands in our service areas, thereby reducing the amount of up-front capital costs required for construction of facilities. We use third-party contractors to construct our facilities as needed. We employ licensed water and wastewater operators to operate our water and wastewater systems. As our systems expand, we expect to hire additional personnel to operate our systems, which include water production, treatment, testing, storage, distribution, metering, billing, and operations management.

Our water and wastewater systems conjunctively use surface and groundwater supplies and storage of raw water and highly treated effluent supplies to provide a balanced sustainable water supply for our wholesale customers and their end-use customers. Integrating conservation practices and incentives together with effective water reuse demonstrates our commitment to providing environmentally responsible, sustainable water and wastewater services. Water supplies and water storage reservoirs are competitively sought throughout the west and along the Front Range of Colorado. We believe regional cooperation among area water providers in developing new water supplies, water storage, and transmission and distribution systems provides the most cost effective way of expanding and enhancing service capacities for area water providers. We continue to discuss developing water supplies and water storage opportunities with area water providers.

We expect the development of our Rangeview Water Supply to require a significant number of high capacity deep water wells. We anticipate drilling separate wells into each of the three principal aquifers located beneath the Lowry Range. Each well is intended to deliver water to central water treatment facilities for treatment prior to delivery to customers. Development of our Lowry Range surface water supplies will require facilities to divert surface water to storage reservoirs to be located on the Lowry Range and treatment facilities to treat the water prior to introduction into our distribution systems. Surface water diversion facilities will be designed with capacities to divert the surface water when available (particularly during seasonal events such as spring run-off and summer storms) for storage in reservoirs to be constructed on the Lowry Range. Based on preliminary engineering estimates, the full build-out of water facilities (including diversion structures, transmission pipelines, reservoirs, and water treatment facilities) on the Lowry Range will cost in excess of $412 million, based on estimated costs, and will accommodate water service to customers located on and outside the Lowry Range. We expect this build out to occur in phases over an extended period of at least 50 years, and we expect that tap fees will be sufficient to fund the infrastructure costs.

Our Denver-based supplies are a valuable, locally available resource located near the point of use. This enables us to incrementally develop infrastructure to produce, treat and deliver water to customers based on their growing demands.

During fiscal 2017, we invested approximately $4.5 million to construct pipelines that interconnect the Rangeview District, WISE, and Sky Ranch water systems. We expect to continue to invest in pipelines at the Sky Ranch property in anticipation of the first phase of development. We also expect to add additional wells as demand for water grows.

The Rangeview District is a participant in the WISE project. This project is developing infrastructure to interconnect providers' water systems and to extend renewable water sources owned by Denver Water and Aurora Water to participating South Metro water providers, including the Rangeview District and, through our agreements with the Rangeview District, us. This system will diversify our sources of water and will enable providers to move water among themselves, which will increase the reliability of our and others' water systems. Through the WISE Financing Agreement, we funded the Rangeview District's purchase of certain rights to use existing water transmission and related infrastructure acquired and constructed by the WISE project. We invested approximately $198,200 in the WISE system during fiscal 2017 and have invested approximately $3.1 million to date. We anticipate that we will be spending approximately $645,500 on this system during fiscal 2018 and $4.6 million during the next four years to fund the Rangeview District's purchase of its share of the water transmission line and additional facilities, water and related assets for WISE and to fund operations and water deliveries related to WISE. Timing of the investment will vary depending on the schedule of projects within WISE.

We are in the process of developing our Sky Ranch property, including building finished lots for home builders and building the water and wastewater infrastructure for housing and commercial development of the property. We currently anticipate construction starting on the first phase of development (506 lots) in early 2018, subject to obtaining approvals and the timing of the final engineering designs. The timing for us to develop the remaining phases of the property will be largely dependent on the Denver real estate market and the interest we receive from home builders and developers. During fiscal 2017, we invested approximately $902,600 in our Sky Ranch property, which consisted of planning, preliminary and final engineering designs, grading, erosion, sediment control, drainage design, water and wastewater facility designs, and construction of approximately 10 miles of new transmission lines.

We plan to develop additional water assets within the Denver area and are exploring opportunities to utilize our water assets in areas adjacent to our existing water supplies.

Water and Growth in Colorado

Colorado has experienced a robust housing market over the past 24 months. The key drivers to housing in the area are:

- ***Housing Starts*** – From September 2016 to September 2017, annual housing starts increased by 6%. From September 2015 to September 2016, annual housing starts increased by 24%.
- ***Unemployment –*** The unemployment rate in Colorado was 2.4% at August 31, 2017, compared to a national unemployment rate of 4.4%. Colorado added an estimated 118,200 jobs from August 2016 to August 2017.
- ***Population –*** The Denver Regional Council of Governments ("DRCOG"), a voluntary association of over 50 county and municipal governments in the Denver metropolitan area, estimates that the Denver metropolitan area population will increase by about 38% from today's 3.4 million people to 4.7 million people by the year 2040. A Statewide Water Supply Initiative report by the Colorado Water Conservation Board estimates that the South Platte River basin, which includes the Denver metropolitan region, will grow from a current population of 3.9 million to 4.9 million by the year 2030, while the state's population will increase from 5.7 million to 7.2 million.
- ***Demand –*** Approximately 70% of the state's projected population increase is anticipated to occur within the South Platte River basin. Significant increases in Colorado's population, particularly in the Denver metro region and other areas in the water-short South Platte River basin, together with increasing agricultural, recreational, and environmental water demands, will intensify competition for water supplies. The estimated population increases are expected to result in demands for water services in excess of the current capabilities of municipal service providers, especially during drought conditions.
- ***Supply –*** The Statewide Water Supply Initiative estimates that population growth in the Denver region and the South Platte River basin could result in additional water supply demands of over 400,000 acre feet by the year 2030.
- ***Development –*** Colorado law requires property developers to demonstrate that they have sufficient water supplies for their proposed projects before rezoning applications will be considered. These factors indicate that water and availability of water will continue to be critical to growth prospects for the region and the state, and that competition for available sources of water will continue to intensify. We focus the marketing of our water supplies and services to developers and home builders that are active along the Colorado Front Range as well as other area water providers in need of additional supplies.

Colorado's future water supply needs will be met through conservation, reuse and the development of new supplies. The Rangeview District's rules and regulations for water and wastewater service call for adherence to strict conservation measures, including low-flow water fixtures, high efficiency appliances, and advanced irrigation control devices. Additionally, our systems are designed and constructed using a dual-pipe water distribution system to segregate the delivery of high quality potable drinking water to our local governmental entities and their end-use customers through one system and a second system to supply raw or reclaimed water for irrigation demands. About one-half of the water used by a typical Denver-area residential water customer is used for outdoor landscape and lawn irrigation. We believe that raw or reclaimed water supplies provide the lowest cost, most environmentally sustainable water for outdoor irrigation. We expect our systems to include an extensive water reclamation system in which essentially all effluent water from wastewater treatment plants will be reused to meet non-potable water demands. Our dual-distribution systems demonstrate our commitment to environmentally responsible water management policies in our water short region.

Labor and Raw Materials

The Builder Contracts for Sky Ranch and the contracts we enter into to design and construct water facilities are fixed-price contracts in which we bear all or a significant portion of the risk for cost overruns. Under these fixed-price contracts, the contract prices that we agree to are established in part based on fixed, firm subcontractor quotes on contracts and on cost and scheduling estimates. These quotes may be based on a number of assumptions, including assumptions about prices and availability of labor, equipment and materials, and other issues. Increased costs or shortages of skilled labor and/or concrete, steel, pipe and other materials could cause increases in property development costs and delays. These shortages and delays may result in delays in the delivery of the residential lots under development, reduced gross margins from lot sales, or both. We plan to contract with third parties for our labor and materials at a fixed price, which should allow us to mitigate the risks associated with increases in the cost of labor and building materials.

Competition

We negotiate individual service agreements with our governmental customers and with their developers and/or home builders to design, construct and operate water and wastewater systems and to provide services to end-use customers of governmental entities and to commercial and industrial customers. These service agreements seek to address all aspects of the development of the water and wastewater systems including:

(i) the purchase of water and wastewater taps in exchange for our obligation to construct certain Wholesale Facilities;

(ii) the establishment of payment terms, timing, capacity and location of Special Facilities (if any); and

(iii) specific terms related to our provision of ongoing water and wastewater services to our local governmental customers as well as the governmental entity's end-use customers.

Although we have exclusive long-term water and wastewater service contracts for 24,000 acres of the 27,000-acre Lowry Range pursuant to the Lowry Service Agreement, providing water and wastewater services to areas other than Wild Pointe, Sky Ranch and a portion of the Lowry Range is subject to competition. Alternate sources of water are available, principally from other private parties, such as farmers or others owning water rights that have historically been used for agriculture, and from municipalities seeking to annex new development areas in order to increase their tax base. Our principal competition in areas close to the Lowry Range is the City of Aurora. Principal factors affecting competition for potential purchasers of our Export Water include the availability of water for the particular purpose, the cost of delivering the water to the desired location (including the cost of required taps), and the reliability of the water supply during drought periods. We estimate that the water assets we own and have the exclusive right to use have a supply capacity of approximately 60,000 SFE units, and we believe they provide us with a significant competitive advantage along the Front Range. Our legal rights to the Rangeview Water Supply have been confirmed for municipal use, and our water supply is close to Denver area water users. We believe our pricing structure is competitive and our water portfolio is well balanced with senior surface water rights, groundwater rights, storage capacity and reclaimed water supplies.

Environmental, Health and Safety Regulation

Provision of water and wastewater services is subject to regulation under the federal Safe Drinking Water Act, the Clean Water Act, related state laws, and federal and state regulations issued under these laws. These laws and regulations establish criteria and standards for drinking water and for wastewater discharges. In addition, we are subject to federal and state laws and other regulations relating to solid waste disposal and certain other aspects of our operations.

Environmental compliance issues may arise in the normal course of operations or as a result of regulatory changes. We attempt to align capital budgeting and expenditures to address these issues in a timely manner.

Safe Drinking Water Act – The Safe Drinking Water Act establishes criteria and procedures for the U.S. Environmental Protection Agency (the "EPA") to develop national quality standards for drinking water. Regulations issued pursuant to the Safe Drinking Water Act and its amendments set standards on the amount of certain microbial and chemical contaminants and radionuclides allowable in drinking water. The State of Colorado has assumed primary responsibility for enforcing the standards established by the Safe Drinking Water Act and has adopted the Colorado Primary Drinking Water Standards (5 CCR 1003-1). Current requirements for drinking water are not expected to have a material impact on our financial condition or results of operations as we have made and are making investments to meet existing water quality standards. In the future, we might be required to change our method of treating drinking water and make additional capital investments if additional regulations become effective.

The federal Groundwater Rule became effective December 1, 2009. This rule requires additional testing of water from well sources and under certain circumstances requires demonstration and maintenance of effective disinfection. In 2009, Colorado adopted Article 13 to the Colorado Primary Drinking Water Standards to establish monitoring and compliance criteria for the Groundwater Rule. We have implemented measures to comply with the Groundwater Rule.

Clean Water Act – The Clean Water Act regulates wastewater discharges from drinking water and wastewater treatment facilities and storm water discharges into lakes, rivers, streams, and wetlands. The State of Colorado has assumed primary responsibility for enforcing the standards established by the federal Clean Water Act for wastewater discharges from domestic water and wastewater treatment facilities and has adopted the Colorado Water Quality Control Act and related regulations, which also regulate discharges to groundwater. It is our policy to obtain and maintain all required permits and approvals for discharges from our water and wastewater facilities and to comply with all conditions of those permits and other regulatory requirements. A program is in place to monitor facilities for compliance with permitting, monitoring and reporting for wastewater discharges. From time to time, discharge violations might occur which might result in fines and penalties, but we have no reason to believe that any such fines or penalties are pending or will be assessed.

In the future, we anticipate changing our method of treating wastewater, which will require future additional capital investments, as additional regulations become effective. In 2016, we invested $368,600 to design, permit and construct a 13 million gallon effluent storage reservoir at our wastewater treatment facility and have converted our facility to a zero discharge treatment facility. We are storing the treated effluent water and expect to use the water for agricultural and irrigation uses.

Solid Waste Disposal – The handling and disposal of residuals and solid waste generated from water and wastewater treatment facilities is governed by federal and state laws and regulations. We have a program in place to monitor our facilities for compliance with regulatory requirements, and we do not anticipate that costs associated with our handling and disposal of waste material from our water and wastewater operations will have a material impact on our business or financial condition.

Employees

We currently have 11 full-time employees.

Available Information and Website Address

Our website address is *www.purecyclewater.com*. We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports as soon as reasonably practicable after filing with the Securities and Exchange Commission ("SEC").

These reports and all other material we file with the SEC may be obtained directly from the SEC's website, *www.sec.gov/edgar/searchedgar/companysearch.html*, under CIK code ***276720***. The contents of our website are not incorporated by reference into this report. You may also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Operating information for the Public Reference Room is available by calling the SEC at 1-800-SEC-0330.

Item 1A – Risk Factors

The following section describes the material risks and uncertainties that management believes could have a material adverse effect on our business, financial condition, results of operations, and the market price of our common stock. The risks discussed below include forward-looking statements, and our actual results may differ materially from those discussed in these forward-looking statements. These risks should be read in conjunction with the other information set forth in this report, including the accompanying financial statements and notes thereto.

Our net losses may continue and we may not have sufficient cash flows from operations or other capital resources to pursue our business objectives. We have experienced significant net losses; our cash flows from operations have not been sufficient to fund our operations in the past; and we have been required to raise debt and equity capital and sell assets to remain in operation. Since 2004, we have obtained $76.2 million through (i) the issuance of $25.2 million of common stock (including the issuance of stock pursuant to the exercise of options, net of expenses), (ii) the issuance of $5.2 million of Convertible Debt, which was converted to common stock on January 11, 2011, and (iii) the sale of our Arkansas River water and land for approximately $45.8 million in cash Our development of the first 250 homes in the first phase of Sky Ranch requires significant cash expenditures of approximately $18 million before we will generate positive cash flows from the sale of lots and water and sewer tap fees. We expect to fund such expenditures with cash on hand and cash flows from operations. At August 31, 2017, we had $26 million of cash and marketable securities on hand. We currently have a limited number of customers. If our cash on hand and future cash flows from operations are not sufficient to fund our operations and the significant capital expenditure requirements to build our water delivery systems and develop Sky Ranch, we may be forced to seek to obtain additional debt or equity capital. Economic conditions and disruptions have previously caused substantial volatility in capital markets, including credit markets and the banking industry, increasing the cost and significantly reducing the availability of financing, which may reoccur in the future. There can be no assurance that financing will be available on acceptable terms or at all.

The rates the Rangeview District is allowed to charge customers on the Lowry Range are limited by the Lease with the Land Board and our contract with the Rangeview District and may not be sufficient to cover our costs of construction and operation. The prices charged by the Rangeview District for water service on the Lowry Range are subject to pricing regulations set forth in the Lease with the Land Board. Both the tap fees and usage rates and charges are capped at the average of the rates of three nearby water providers. Annually the Rangeview District surveys the tap fees and rates of the three nearby providers, and the Rangeview District may adjust tap fees and rates and charges for water service on the Lowry Range based on the average of those charged by this group, and we receive 98% of whatever the Rangeview District charges its customers. Our costs associated with the construction of water delivery systems and the production, treatment and delivery of water are subject to market conditions and other factors, which may increase at a significantly higher rate than that of the fees we receive from the Rangeview District. Factors beyond our control and which cannot be predicted, such as government regulations, insurance and labor markets, drought, water contamination and severe weather conditions, like tornadoes and floods, may result in additional labor and material costs that may not be recoverable under the current rate structure. Both increased customer demand and increased water conservation may also impact the overall cost of our operations. If the costs for construction and operation of our wholesale water services, including the cost of extracting our groundwater, exceed our revenues, we would be providing service to the Rangeview District for use at the Lowry Range at a loss. The Rangeview District may petition the Land Board for rate increases; however, there can be no assurance that the Land Board would approve a rate increase request. Further, even if a rate increase were approved, it might not be granted in a timely manner or in an amount sufficient to cover the expenses for which the rate increase was sought.

Our business is subject to seasonal fluctuations and weather conditions that could affect demand for our water service and our revenues. We depend on an adequate water supply to meet the present and future demands of our customers and their end-use customers and to continue our expansion efforts. Conditions beyond our control may interfere with our water supply sources. Drought and overuse may limit the availability of water. These factors might adversely affect our ability to supply water in sufficient quantities to our customers, and our revenues and earnings may be adversely affected. Additionally, cool and wet weather, as well as drought restrictions and our customers' conservation efforts, may reduce consumption demands, adversely affecting our revenue and earnings. Furthermore, freezing weather may contribute to water transmission interruptions caused by pipe and main breakage. If we experience an interruption in our water supply, it could have a material adverse effect on our financial condition and results of operations. Demand for our water during the warmer months is generally greater than during cooler months due primarily to additional requirements for water in connection with cooling systems, irrigation systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand will vary with temperature and rainfall levels. If temperatures during the typically warmer months are cooler than expected or there is more rainfall than expected, the demand for our water may decrease and adversely affect our revenues.

Sales to the fracking industry can fluctuate significantly. Our water sales have been historically highly concentrated directly and indirectly with one company providing fracking services to the oil and gas industry on and around the Lowry Range and our Sky Ranch property. Sales to this customer base as well as renewals of our oil and gas leases, if any, in the future are impacted by regulations, fracking technologies, the success of the wells and the price of oil and gas, among other things. Investment in oil and gas development is dependent on the price of oil and gas. While water sales for fracking are now increasing, we have no contractual commitment that will ensure these sales in the future.

We are dependent on the housing market and development in our targeted service areas for future revenues. Providing wholesale water service using our Colorado Front Range water supplies is our principal source of future revenue. The timing and amount of these revenues will depend in part on housing developments being built near our water assets. The development of the Lowry Range, Sky Ranch and other properties is subject to many factors that are not within our control. If wholesale water sales are not forthcoming or development on the Lowry Range, Sky Ranch or other properties in our targeted service areas is delayed, we may need to use our capital resources, incur additional short or long-term debt obligations or seek to sell additional equity. We may not have sufficient capital resources or be successful in obtaining additional operating capital. After several years of significant declines in new home construction, there have been positive market gains in the Colorado housing market since 2013. However, if the downturn in the homebuilding and credit markets return or if the national economy weakens and economic concerns intensify, it could have a significant negative impact on our business and financial condition and our plans for future development of additional phases of Sky Ranch.

Development on the Lowry Range is not within our control and is subject to obstacles. Development on the Lowry Range is controlled by the Land Board, which is governed by a five-person citizen board of commissioners representing education, agriculture, local government and natural resources, plus one at-large commissioner, each appointed for a four-year term by the Colorado governor and approved by the Colorado Senate. The Land Board's focus with respect to issues such as development and conservation on the Lowry Range tends to change as membership on the Land Board changes. In addition, there are often significant delays in the adoption and implementation of plans with respect to property administered by the Land Board because the process involves many constituencies with diverse interests. In the event water sales are not forthcoming or development of the Lowry Range is delayed or abandoned, we may need to use our capital resources, incur additional short or long-term debt obligations or seek to sell additional equity. We may not have sufficient capital resources or be successful in obtaining additional operating capital.

Because of the prior use of the Lowry Range as a military facility, environmental clean-up may be required prior to development, including the removal of unexploded ordnance. The U.S. Army Corps of Engineers has been conducting unexploded ordnance removal activities at the Lowry Range for more than 20 years. Continued activities are dependent on federal appropriations, and the Army Corps of Engineers has no assurance from year to year of such appropriations for its activities at the Lowry Range.

We do not have experience with the development of real property. While we have experience designing and constructing water and wastewater facilities and maintaining and operating these facilities, we do not have experience developing real property. We may underestimate the capital expenditures required to develop the first phase of Sky Ranch, including the costs of certain infrastructure improvements. We lack experience in managing property development activities, including the permitting and other approvals required, which may result in delays in obtaining the necessary permits and government approvals.

Our construction of water and wastewater projects may expose us to certain completion, performance and financial risks. We expect to rely on independent contractors to construct our water and wastewater facilities and Sky Ranch lot improvements. These construction activities may involve risks, including shortages of materials and labor, work stoppages, labor relations disputes, weather interference, engineering, environmental, permitting or geological problems and unanticipated cost increases. These issues could give rise to delays, cost overruns or performance deficiencies, or otherwise adversely affect the construction or operation of our water and wastewater delivery systems and the construction and delivery of residential lots pursuant to our Builder Contracts. In addition, we may experience quality problems in the construction of our systems and facilities, including equipment failures. We may not meet the required deadlines under our Builder Contracts. We may face claims from customers or others regarding product quality and installation of equipment placed in service by contractors.

The Builder Contracts for Sky Ranch and for the water facilities that we design and construct are fixed-price contracts, in which we bear all or a significant portion of the risk for cost overruns. Under these fixed-price contracts, contract prices are established in part based on fixed, firm subcontractor quotes on contracts and on cost and scheduling estimates. These estimates may be based on a number of assumptions, including assumptions about prices and availability of labor, equipment and materials, and other issues. If these subcontractor quotations or cost estimates prove inaccurate, or if circumstances change, cost overruns may occur, and our financial results would be negatively impacted. In many cases, the incurrence of these additional costs would not be within our control.

Pursuant to our Builder Contracts for Sky Ranch, we guarantee project completion of water and wastewater delivery systems and lot improvements by a scheduled date. We also guarantee that the project, when completed, will achieve certain performance standards, meet certain quality specifications and satisfy certain requirements for governmental approvals. If we fail to complete the project as scheduled, or if we fail to meet guaranteed performance standards or quality specifications, or obtain the required governmental approvals, we may be held responsible for cost impacts and/or penalties to the customer resulting from any delay or for the costs to alter the project to achieve the performance standards and the quality specifications and to obtain the required government approvals. To the extent that these events occur and are not due to circumstances for which the customer accepts responsibility or cannot be mitigated by performance bonds or the provisions of our agreements with contractors, the total costs of the project would exceed our original estimates and our financial results would be negatively impacted.

We are required to secure, or to have our subcontractors secure, performance and completion bonds for certain contracts and projects. The market environment for surety companies has become more risk averse. We and our subcontractors secure performance and completion bonds for our contracts from these surety companies. To the extent we or our subcontractors are unable to obtain bonds, we may breach existing agreements and/or not be awarded new contracts. We may not be able to secure performance and completion bonds when required.

We may be subject to significant potential liabilities as a result of warranty and liability claims made against us. Design, construction or system failures related to our water and wastewater delivery systems could result in injury to third parties or damage to property. As a property developer, we are also subject in the ordinary course of our business to warranty claims. We are also subject to claims for injuries that occur in the course of our property development activities. We plan to record warranty and other reserves for the residential lots we sell based on historical experience in our market and our judgment of the qualitative risks associated with the type of lots we sell. We have, and many of our subcontractors have, general liability, property, workers' compensation and other business insurance. These insurance policies are intended to protect us against a portion of our risk of loss from claims, subject to certain self-insured retentions, deductibles and coverage limits. However, it is possible that this insurance will not be adequate to address all warranty and liability claims to which we are subject. Additionally, the coverage offered and the availability of general liability insurance for construction defects are currently limited and policies that can be obtained are costly and often include exclusions based upon past losses those insurers suffered as a result of use of defective materials used by other property developers. As a result, our subcontractors may be unable to obtain insurance, and we may have to waive our customary insurance requirements, which increases our and our insurers' exposure to claims and increases the possibility that our insurance will not be adequate to protect us for all the costs we incur. Any losses that exceed claims against our contractors, the performance bonds and our insurance limits at such facilities could result in claims against us. In addition, if there is a customer dispute regarding performance of our services, the customer may decide to delay or withhold payment to us.

We have a limited number of employees and may not be able to manage the increasing demands of our expanded operations. We have a limited number of employees to administer our existing assets, interface with applicable governmental bodies, market our services and plan for the construction and development of our assets. We may not be able to maximize the value of our assets because of our limited manpower. We depend significantly on the services of Mark W. Harding, our President and Chief Financial Officer. The loss of Mr. Harding would cause a significant interruption of our operations. Further, the execution of the Builder Contracts for Sky Ranch has increased the size and complexity of our business. The success of our current business and future business development and our ability to capitalize on growth opportunities depends on our ability to attract and retain additional experienced and qualified persons to operate and manage our business. State regulations set the training, experience and qualification standards required for our employees to operate specific water and wastewater facilities. Failure to find state-certified and qualified employees to support the operation of our facilities could put us at risk for, among other things, regulatory penalties (including fines and suspension of operations), operational errors at the facilities, improper billing and collection processes, and loss of contracts and revenues. We may be unsuccessful in managing our assets and growth.

Supply shortages and risks related to the demand for skilled labor and building materials could increase costs and delay closings. The property development industry is highly competitive for skilled labor and materials. Labor shortages in the Colorado Front Range have become more acute in recent years as the supply chain adjusts to uneven industry growth. Increased costs or shortages of skilled labor and/or concrete, steel, pipe and other materials could cause increases in property development costs and delays. We are unable to pass on increases in property development costs to home builders with whom we have already entered into purchase and sale contracts for residential lots, as our contracts fix the price of the lots at the time the contracts are signed, which will be well in advance of property development. Sustained increases in development costs may, over time, erode our margins.

Products supplied to us and work done by subcontractors can expose us to risks that could adversely affect our business. We rely on subcontractors to perform the actual property development, and in many cases, to select and obtain concrete and other materials. Subcontractors may use improper construction processes or defective materials. Defective products can result in the need to perform extensive repairs. The cost of complying with our warranty obligations may be significant if we are unable to recover the cost of repairs from subcontractors, materials suppliers and insurers.

A failure of the water wells or distribution networks that we own or control could result in losses and damages that may affect our financial condition and reputation. We distribute water through a network of pipelines and store water in storage tanks and a pond. A failure of these pipelines, tanks or the pond could result in injuries and damage to property for which we may be responsible, in whole or in part. The failure of these pipelines, tanks, or pond may also result in the need to shut down some facilities or parts of our water distribution network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water delivery requirements prescribed by our contracts, which could adversely affect our financial condition, results of operations, cash flow, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable through rates and charges, and such losses may make it difficult for us to secure insurance in the future at acceptable rates.

Conflicts of interest may arise relating to the operation of the Rangeview District and the Sky Ranch Districts. Our officers and employees constitute 60% of the directors of the Rangeview District and the Sky Ranch Districts. Pure Cycle, along with our officers and employees and two unrelated individuals, own the 40 acres that constitute the Rangeview District and the acreage that constitutes the Sky Ranch Districts. We have made loans to the Rangeview District to fund its operations. At August 31, 2017, total principal and interest owed to us by the Rangeview District was $776,400. Pursuant to our water and wastewater service agreements with the Rangeview District, the Rangeview District retains two percent of the revenues from the sale of water to its end-use customers and 10% of the revenues from the provision of wastewater services to its end-use customers. Proceeds from the fee collections will initially be used to repay the Rangeview District's obligations to us, but after these loans are repaid, the Rangeview District is not required to use the funds to benefit Pure Cycle.

Similarly, we have made loans to and incurred expenses reimbursable by the Sky Ranch Districts. At August 31, 2017, total principal and interest owed to us by the Sky Ranch Districts was $215,500. It is anticipated that these amounts will be repaid once Sky Ranch has sold residential units and has a tax base to issue bonds to pay for services. We have received benefits from our activities undertaken in conjunction with these districts, but conflicts may arise between our interests and those of the Rangeview and Sky Ranch Districts and our officers and employees who are acting in dual capacities in negotiating contracts to which both we and a district are parties. We expect that the Rangeview and Sky Ranch Districts will expand when more properties are developed and become part of the respective districts, and our officers and employees acting as directors of these districts will have fiduciary obligations to those other constituents. Conflicts may not be resolved in the best interests of the Company and our shareholders. In addition, other landowners coming into a district will be eligible to vote and to serve as directors of that district. Our officers and employees may not remain as directors of these districts, and the actions of subsequently elected boards could have an adverse impact on our operations.

Our operations are affected by local politics and governmental procedures that are beyond our control. We operate in a highly political environment. We market our water rights to municipalities and other governmental entities run by elected or politically appointed officials. Our principal competitors are municipalities seeking to expand their sales tax base and other water districts. Various constituencies, including our competitors, developers, environmental groups, conservation groups, and agricultural interests, have competing agendas with respect to the development of water rights in Colorado, which means that decisions affecting our business are based on many factors other than economic and business considerations. Additional risks associated with dealing with governmental entities include turnover of elected and appointed officials, changes in policies from election to election, and a lack of institutional history in these entities concerning their prior courses of dealing with the Company. We spend significant time and resources educating elected officials, local authorities and others regarding our water rights and the benefits of contracting with us. Political concerns and governmental procedures and policies may hinder or delay our ability to enter into service agreements or develop our water rights or infrastructure to deliver our water. While we have worked to reduce the political risks in our business through our participation as the service provider for the Rangeview District in regional cooperative resource programs, such as the SMWSA and its WISE partnership with Denver Water and Aurora Water, as well as education and communication efforts and community involvement, our efforts may be unsuccessful.

Delays in property development may extend the time it takes us to recover our property development costs. We incur many costs, such as the costs of preparing land, finishing and entitling lots, installing roads, sewers, water systems and other utilities, taxes and other costs related to ownership of the land, before we close on the sale of residential lots to home builders. If the rate at which we develop residential lots slows, we may incur additional costs, and it may take longer for us to recover our costs. In addition, if sales of homes on the finished lots are delayed, our revenue from utility services will be delayed.

Government regulations and legal challenges may delay the closing of the sale of our residential lots, increase our expenses or limit other activities, which could have a negative impact on our results of operations. The approval of numerous governmental authorities must be obtained in connection with our property development activities, and these governmental authorities often have broad discretion in exercising their approval authority. We incur substantial costs related to compliance with legal and regulatory requirements. Any increase in legal and regulatory requirements may cause us to incur substantial additional costs. Various local, state and federal statutes, ordinances, rules and regulations concerning building, health and safety, site and building design, environment, zoning, and similar matters apply to and/or affect property developers like us. In addition, our ability to obtain or renew permits or approvals and the continued effectiveness of permits already granted or approvals already obtained depends on factors beyond our control, such as changes in federal, state and local policies, rules and regulations and their interpretations and application. Furthermore, we are also subject to various fees and charges of government authorities designed to defray the cost of providing certain governmental services and improvements. For example, local and state governments have broad discretion regarding the imposition of development fees for projects under their jurisdictions, as well as requiring concessions or that the property developer and/or home builder construct certain improvements to public places such as parks and streets or fund schools.

Municipalities or state water agencies may restrict or place moratoriums on the availability of utilities, such as water and sewer taps, which could have an adverse effect on our business by causing delays or increasing our costs.

We must provide water that meets all federal and state regulatory water quality standards and operate our water and wastewater facilities in accordance with these standards. Future changes in regulations governing the supply of drinking water and treatment of wastewater may have a material adverse impact on our financial results. With respect to service of customers on the Lowry Range, the Rangeview District's rates might not be sufficient to cover the cost of compliance with additional or more stringent requirements. If the cost of compliance were to increase, we anticipate that the rates of the nearby water providers that the Rangeview District uses to establish its rates and charges would increase to reflect these cost increases, thereby allowing the Rangeview District to increase its rates and charges. However, these water providers may not raise their rates in an amount that would be sufficient to enable the Rangeview District (and us) to cover any increased compliance costs.

In addition, there is a variety of legislation being enacted, or considered for enactment, at the federal, state and local level relating to energy and climate change. This legislation relates to items such as carbon dioxide emissions control and building codes that impose energy efficiency standards. Such environmental laws may affect, for example, how we manage storm water runoff, wastewater discharges and dust; how we develop or operate on properties on or affecting resources such as wetlands, endangered species, cultural resources, or areas subject to preservation laws; and how we address contamination. As climate change concerns continue to grow, compliance with legislation and regulations of this nature are expected to become more costly. Energy-related initiatives affect a wide variety of companies throughout the United States and the world and, because our operations are now dependent on significant amounts of raw materials, such as steel and concrete, they could have an indirect adverse impact on our operations and profitability to the extent the manufacturers and suppliers of the materials used in the development of our properties are burdened with expensive cap and trade and similar energy related taxes and regulations. It is possible that new standards could be imposed that will require additional capital expenditures or raise our operating costs. With respect to service of customers on the Lowry Range, the Rangeview District's rates might not be sufficient to cover the cost of compliance with new requirements. Although we would expect the rates of the nearby water providers that the Rangeview District uses to establish its rates and charges to increase to cover increased compliance costs, such rates may not cover all our costs and our costs of complying with new standards or laws could adversely affect our business, results of operations or financial condition. Our noncompliance with environmental laws could result in fines and penalties, obligations to remediate, permit revocations and other sanctions.

Government agencies may initiate audits, reviews or investigations of our business practices to ensure compliance with applicable laws and regulations, which can cause us to incur costs or create other disruptions in our business that can be significant. Further, we may experience delays and increased expenses as a result of legal challenges to our proposed development activities, whether brought by governmental authorities or private parties.

Our Lowry Range surface water rights are "conditional decrees" and require findings of reasonable diligence. Our surface water interests and reservoir sites at the Lowry Range are conditionally decreed and are subject to a finding of reasonable diligence from the Colorado water court every six years. To arrive at a finding of reasonable diligence, the water court must determine that we continue to diligently pursue the development of said water rights. If the water court is unable to make such a finding, we could lose the water right under review. During fiscal 2012, the Lowry Range conditional decrees were granted their first review by the water court, which determined that we and the Rangeview District met the diligence criteria. The water court entered a finding of reasonable diligence on the Lowry Range surface water decrees on February 11, 2012. Our next diligence period will be in February 2018. If the water court does not make a determination of reasonable diligence in 2018, it would materially adversely impact the value of our interests in the Rangeview surface water supply.

Contamination to our water supply may result in disruption in our services and litigation, which could adversely affect our business, operating results and financial condition. Our water supplies are subject to the risk of potential contamination, including contamination from naturally occurring compounds, pollution from man-made sources and intentional sabotage. Our land at Sky Ranch and a portion of the Lowry Range have been leased for oil and gas exploration and development. Such exploration and development could expose us to additional contamination risks from related leaks or spills. In addition, we handle certain hazardous materials at our water treatment facilities, primarily sodium hypochlorite. Any failure of our operation of the facilities or any contamination of our supplies, including sewage spills, noncompliance with water quality standards, hazardous materials leaks and spills, and similar events could expose us to environmental liabilities, claims and litigation costs. If any of these events occur, we may have to interrupt the use of that water supply until we are able to substitute the supply from another source or treat the contaminated supply. We cannot assure you that we will successfully manage these issues, and failure to do so could have a material adverse effect on our future results of operations.

We may incur significant costs in order to treat the contaminated source through expansion of our current treatment facilities or development of new treatment methods. If we are unable to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner, there may be an adverse effect on our revenues, operating results and financial condition. The costs we incur to decontaminate a water source or an underground water system could be significant and could adversely affect our business, operating results and financial condition and may not be recoverable in rates.

We could also be held liable for consequences arising out of human exposure to hazardous substances in our water supplies or other environmental damage. For example, private plaintiffs could assert personal injury or other toxic tort claims arising from the presence of hazardous substances in our drinking water supplies. Although we have not been a party to any environmental or pollution-related lawsuits, such lawsuits have increased in frequency in recent years. If we are subject to an environmental or pollution-related lawsuit, we might incur significant legal costs, and it is uncertain whether we would be able to recover the legal costs from ratepayers or other third parties. Our insurance policies may not cover or provide sufficient coverage for the costs of these claims.

We may be adversely affected by any future decision by the Colorado Public Utilities Commission to regulate us as a public utility. The Colorado Public Utilities Commission ("CPUC") regulates investor-owned water companies operating for the purpose of supplying water to the public. The CPUC regulates many aspects of public utilities' operations, including establishing water rates and fees, initiating inspections, enforcement and compliance activities and assisting consumers with complaints. We do not believe we are a public utility under Colorado law. We currently provide services by contract mainly to the Rangeview District, which supplies the public. Quasi-municipal metropolitan districts, such as the Rangeview District and the Sky Ranch Districts, are exempt by statute from regulation by the CPUC. However, the CPUC could attempt to regulate us as a public utility. If this were to occur, we might incur significant expense challenging the CPUC's assertion of jurisdiction, and we may be unsuccessful. In the future, existing regulations may be revised or reinterpreted, and new laws and regulations may be adopted or become applicable to us or our facilities. If we become regulated as a public utility, our ability to generate profits could be limited, and we might incur significant costs associated with regulatory compliance.

The Rangeview District's and our rights under the Lease have been challenged by third parties. The Rangeview District's and our rights under the Lease have been challenged by third parties, including the Land Board, in the past. In 2014, in connection with settling a lawsuit filed by us and the Rangeview District against the Land Board, the Land Board, the Rangeview District and we amended and restated the Lease to clarify and update a number of provisions. However, there are issues still subject to negotiation and it is likely that during the remaining 64-year term of the Lease the parties will disagree over interpretations of provisions in the Lease again. The Rangeview District's or our rights under the Lease could be challenged in the future, which could require potentially expensive litigation to enforce our rights.

Our operations are concentrated in the Front Range area of Colorado; we are subject to general economic conditions in Colorado. Our water assets and operations are located solely in the Front Range area of Colorado. Our performance could be adversely affected by economic conditions in, and other factors relating to, Colorado, including supply and demand for housing, zoning and other regulatory conditions. To the extent the general economic conditions in the Front Range area of Colorado deteriorate, the value of our assets, our results of operations and our financial condition could be materially adversely affected.

Natural disasters and severe weather conditions could delay the closing of the sale of residential lots at Sky Ranch and increase our costs, which could harm our sales and results of operations. We conduct our property development operations in the Colorado Front Range, which is subject to natural disasters, including droughts, tornadoes, wildland fires, and severe weather. The occurrence of natural disasters or severe weather conditions in Colorado or elsewhere could delay property development, increase costs by delaying closings and lead to shortages of labor and materials. If our insurance or the insurance of our subcontractors does not fully cover business interruptions or losses resulting from these events, our results of operations could be adversely affected. For example, as a result of Hurricane Harvey in the Texas Gulf Coast, the cost of pipe increased approximately 35%. This additional cost is not clearly reimbursable by insurance.

We could be hurt by efforts to impose liabilities or obligations on persons with regard to labor law violations by other persons whose employees perform contracted services. The infrastructure and improvements on our water and wastewater systems and on the finished lots we sell or that we must provide pursuant to service agreements and lot development agreements are done by employees of subcontractors and other contract parties. We do not have the ability to control what these contract parties pay their employees or the work rules they impose on their employees. However, various governmental agencies are trying to hold contract parties like us responsible for violations of wage and hour laws and other work related laws by firms whose employees are performing contracted-for services. A 2016 National Labor Relations Board ruling holds that for labor law purposes a firm could under some circumstances be responsible as a joint employer of its contractors' employees even if the firm had no direct control over the employees' terms and conditions of employment. If that ruling is upheld on appeal, it could make us responsible for collective bargaining obligations and labor law violations by our subcontractors. Governmental rulings that make us responsible for labor practices by our subcontractors could create substantial exposures for us in situations that are not within our control.

We experience variability in our operating results on a quarterly basis and, as a result, our historical performance may not be a meaningful indicator of future results. We historically have experienced, and expect to continue to experience, variability in quarterly results. As a result of such variability, our short-term performance may not be a meaningful indicator of future results. Our quarterly results of operations may continue to fluctuate in the future as a result of a variety of factors, including, among others, the timing of the closings of sales of residential lots and weather-related problems.

Our stock price has been volatile in the past and may decline in the future. Our common stock has experienced significant price and volume fluctuations in the past and may experience significant fluctuations in the future depending upon a number of factors, some of which are beyond our control. Factors that could affect our stock price and trading volume include, among others, the perceived prospects of our business; differences between anticipated and actual operating results; changes in analysts' recommendations or projections; the commencement and/or results of litigation and other legal proceedings; and future sales of our common stock by us or by significant shareholders, officers and directors. In addition, stock markets in general have experienced price and volume volatility from time to time, which may adversely affect the market price of our common stock for reasons unrelated to our performance.

Item 1B – Unresolved Staff Comments

None.

Item 2 – Properties

Corporate Office

Effective January 2016, we entered into an operating lease for approximately 2,500 square feet of office and warehouse space. The lease has a two-year term with payments of $3,000 per month.

Water Related Assets

In addition to the water rights and adjudicated reservoir sites that are described in *Item 1 – Our Water and Land Assets*, we also own a 500,000-gallon water tank, 400,000-barrel storage reservoir, a 300,000-barrel storage reservoir, three deep water wells, a pump station, and several miles of water pipeline in Arapahoe County, Colorado. Although owned by the Rangeview District, we operate and maintain another 500,000-gallon water tank, two deep water wells, a pump station, three alluvial wells, the Rangeview District's wastewater treatment plant, and water distribution and wastewater collection pipelines that serve customers located at the Lowry Range. Although owned by the Elbert 86 District, we operate and maintain two water tanks with a combined capacity of 438,000-gallons of water, two deep water wells, a pump station, and 10 miles of transmission line for the Wild Pointe development in Elbert County. These assets are used to provide service to our customers.

Land

We own approximately 931 acres of land known as Sky Ranch that is described further in *Item 1 – Our Water and Land Assets – Sky Ranch.* We own 40 acres of land that comprise the current boundaries of the Rangeview District. We also own approximately 700 acres of land in the Arkansas River Valley, which is currently classified as land held for sale.

Item 3 – Legal Proceedings

None.

Item 4 – Mine Safety Disclosures

None.

PART II

Item 5 – Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on The NASDAQ Stock Market under the symbol "PCYO." The high and low sales prices of our common stock, by quarter, for the fiscal years ended August 31, 2016 and 2015 are presented below:

Table E - Market Information

Fiscal 2017 quarters ended:	August 31	May 31	February 28	November 30
Market price of common stock				
High	$ 8.73	$ 8.10	$ 5.70	$ 5.93
Low	$ 6.55	$ 5.20	$ 4.90	$ 4.60

Fiscal 2016 quarters ended:	August 31	May 31	February 29	November 30
Market price of common stock				
High	$ 5.20	$ 4.91	$ 5.12	$ 5.73
Low	$ 4.34	$ 4.29	$ 3.65	$ 4.56

Holders

On October 17, 2017, there were 552 holders of record of our common stock.

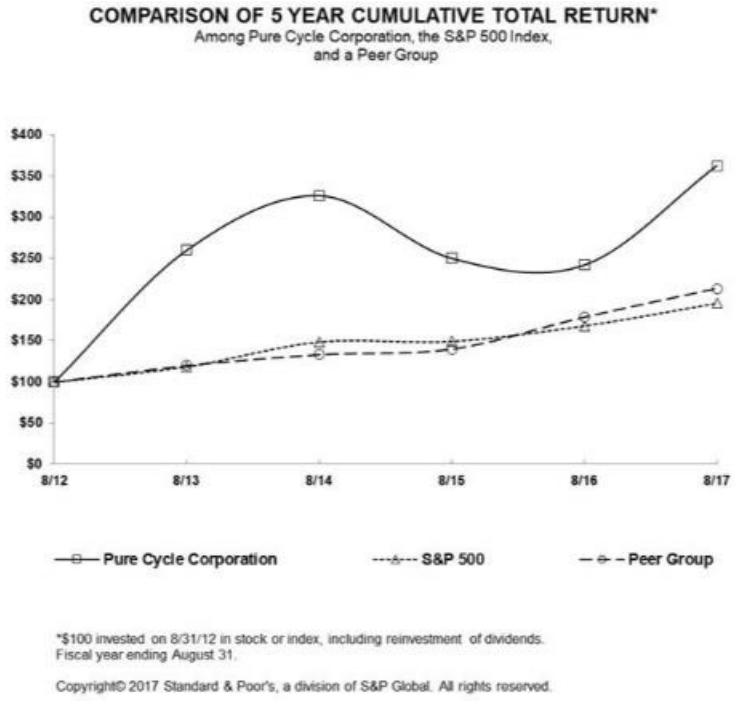
Dividends

We have never paid any dividends on our common stock and expect for the foreseeable future to retain all of our capital and earnings from operations, if any, for use in expanding and developing our business. Any future decision as to the payment of dividends will be at the discretion of our board of directors and will depend upon our earnings, financial position, capital requirements, plans for expansion and such other factors as our board of directors deems relevant. The terms of our Series B Preferred Stock prohibit payment of dividends on common stock unless all dividends accrued on the Series B Preferred Stock have been paid and require dividends to be paid on the Series B Preferred Stock if proceeds from the sale of Export Water exceed $36,026,232. For further discussion see Note 8 – *Shareholders' Equity* to the accompanying financial statements.

Performance Graph [1]

This graph compares the cumulative total return of our common stock for the last five fiscal years with the cumulative total return for the same period of the S&P 500 Index and a peer group index.[2] The graph assumes the investment of $100 in common stock in each of the indices as of the market close on August 31 and reinvestment of all dividends.

	8/12	8/13	8/14	8/15	8/16	8/17
Pure Cycle Corporation	**100.00**	**260.00**	**326.00**	**250.00**	**242.00**	**362.50**
S&P 500	**100.00**	**118.70**	**148.67**	**149.38**	**168.13**	**195.43**
Peer Group	**100.00**	**119.89**	**133.12**	**139.83**	**178.40**	**213.02**



1. This performance graph is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act or the Exchange Act whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

2. The Peer Group consists of the following companies that have been selected on the basis of industry focus or industry leadership: American States Water Company, Aqua America, Inc., Artesian Resources Corp., California Water Service Group, Connecticut Water Service, Inc., Middlesex Water Company, SJW Corp., and The York Water Company.

Recent Sales of Unregistered Securities; Use of Proceeds From Registered Securities

None.

Purchase of Equity Securities By the Issuer and Affiliated Purchasers

None.

Item 6 – Selected Financial Data

Table F - Selected Financial Data

In thousands (except per share data)	For the Fiscal Years Ended August 31,				
	2017	2016	2015	2014	2013
Summary Statement of Operations Items:					
Total revenue	$ 1,227.8	$ 452.2	$ 1,196.6	$ 2,023.1	$ 615.6
(Loss) income from continuing operations	$ (1,678.8)	$ (1,230.3)	$ (575.1)	$ 285.5	$ (1,227.9)
Net loss	$ (1,710.9)	$ (1,310.6)	$ (23,127.9)	$ (311.4)	$ (4,150.4)
Basic and diluted loss per share	$ (0.07)	$ (0.06)	$ (0.96)	$ (0.01)	$ (0.17)
Weighted average shares outstanding	23,754	23,781	24,041	24,038	24,038

	As of August 31,				
Summary Balance Sheet Information:	2017	2016	2015	2014	2013
Current assets	$ 27,124.3	$ 29,085.9	$ 39,580.9	$ 4,463.3	$ 9,900.0
Total assets	$ 69,787.6	$ 70,879.6	$ 73,060.9	$ 108,173.8	$ 108,618.3
Current liabilities	$ 940.2	$ 482.2	$ 1,499.1	$ 3,274.4	$ 5,402.3
Long-term liabilities	$ 1,341.3	$ 1,399.5	$ 1,476.4	$ 13,868.9	$ 65,443.5
Total liabilities	$ 2,281.5	$ 1,881.7	$ 2,975.5	$ 17,143.3	$ 70,845.8
Equity	$ 67,506.1	$ 68,997.9	$ 70,085.5	$ 91,030.5	$ 37,772.5

The following items had a significant impact on our operations:

(a) In fiscal 2017, we invested $2.5 million in our water and wastewater systems, $4.4 million for the construction of pipelines, $902,600 for the development of our Sky Ranch property, and $95,400 for the purchase of equipment. During fiscal 2017, we had sales or maturities of marketable securities of approximately $9.8 million.

(b) In fiscal 2016, we invested $923,800 in our water and wastewater systems and $285,600 for planning and design of our Sky Ranch property. We also purchased three farms for approximately $450,300 in order to correct dry-up covenant issues related to water-only farms in order obtain the release of the escrow funds related to the Company's farm sale to Arkansas River Farms, LLC.

(c) In fiscal 2015, we sold our remaining farm assets for approximately $45.8 million, for a loss of approximately $22.3 million. In conjunction with the sale, we repaid $4.9 million in mortgage debt relating to the farms and we invested approximately $3.5 million into our water systems. Financial results for the farm assets have been reflected as discontinued operations and all prior periods have been reclassified.

(d) In fiscal 2014, in order to protect our farm assets, we acquired the remaining approximately $2.6 million of the $9.6 million in notes defaulted on by High Plains A&M, LLC ("HP A&M"). Additionally, we borrowed $1.75 million, sold farms for $5.8 million, and invested $3.7 million in our water systems. Additionally, we recorded an impairment of approximately $400,000 on land and water rights held for sale, and we recorded a gain of $1.3 million upon completing the sale of certain farms that we previously impaired in fiscal 2012.

(e) In fiscal 2013, in order to protect our farm assets, we acquired approximately $7 million of the $9.6 million in HP A&M defaulted notes. Additionally, we sold 1,500,000 unregistered shares of Pure Cycle common stock owned by HP A&M for $2.35 per share, yielding approximately $3.4 million, net of expenses.

Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The discussion and analysis below includes certain forward-looking statements that are subject to risks, uncertainties and other factors, as described in "Risk Factors" and elsewhere in this Annual Report on Form 10-K, that could cause our actual growth, results of operations, performance, financial position and business prospects and opportunities for this fiscal year and the periods that follow to differ materially from those expressed in, or implied by, those forward-looking statements. Readers are cautioned that forward-looking statements contained in this Form 10-K should be read in conjunction with our disclosure under the heading "FORWARD-LOOKING STATEMENTS" on page 1.

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and our financial condition and should be read in conjunction with the accompanying financial statements and the notes thereto included in *Part II, Item 8* of this Annual Report on Form 10-K. The following sections focus on the key indicators reviewed by management in evaluating our financial condition and operating performance, including the following:

- Revenue generated from water and wastewater services;
- Expenses associated with developing our water and land assets; and
- Cash available to continue development of our land, water rights and service agreements.

Our MD&A section includes the following items:

Our Business – a general description of our business, our services and our business strategy.

Critical Accounting Policies and Estimates – a discussion of our critical accounting policies that require critical judgments, assumptions and estimates.

Results of Operations – an analysis of our results of operations for the three fiscal years presented in our financial statements. We present our discussion in the MD&A in conjunction with the accompanying financial statements.

Liquidity, Capital Resources and Financial Position – an analysis of our cash position and cash flows, as well as a discussion of our financial obligations.

Our Business

Pure Cycle Corporation is a Colorado corporation that provides wholesale water and wastewater services to customers of governmental entities and commercial and industrial customers and is in the process of providing finished lots to national home builders developing single family homes on its Sky Ranch land holdings.

Our utility services include water production, storage, treatment, bulk transmission to retail distribution systems, wastewater collection and treatment, irrigation water treatment and transmission, construction management, billing and collection and emergency response. Our land operations include developing finished lots for home builders and commercial users who develop homes and businesses on our Sky Ranch property.

Water and Wastewater Utilities

Our utility operations position us as a vertically integrated wholesale water and wastewater provider, which means we own or control substantially all assets necessary to provide wholesale water and wastewater services to our customers. This includes owning or controlling (i) water rights which we use to provide domestic, irrigation, and industrial water to our wholesale customers (we own surface water, groundwater, reclaimed water rights and storage rights), (ii) infrastructure (such as wells, diversion structures, pipelines, reservoirs and treatment facilities) required to withdraw, treat, store and deliver water, (iii) infrastructure required to collect, treat, store and reuse wastewater, and (iv) infrastructure required to treat and deliver reclaimed water for irrigation use.

We currently provide wholesale water and wastewater service predominately to two local governmental customers. Our wholesale domestic customers are the Rangeview District and Arapahoe County. We provide service to Rangeview District's end-use customers pursuant to individual Lowry Service and Off-Lowry Service Agreements, serving 391 water connections and 157 wastewater connections located in southeastern metropolitan Denver. In addition to providing domestic water, we provide untreated water to industrial customers in the oil and gas industry located in our service areas and adjacent to our service areas for hydraulic fracturing. Oil and gas operators have leased approximately 135,000 acres within and adjacent to our service areas for the purpose of exploring oil and gas interests in the Niobrara and other formations, and this activity had led to increased water demands.

We plan to utilize our significant water assets along with our adjudicated reservoir sites to provide wholesale water and wastewater services to local governmental entities which in turn will provide residential/commercial water and wastewater services to communities along the eastern slope of Colorado in the area generally referred to as the Front Range. Principally, we target the I-70 corridor, which is located east of downtown Denver and south of Denver International Airport. This area is predominately undeveloped and is expected to experience substantial growth over the next 30 years. We also plan to continue to provide water service to commercial and industrial customers.

Land Development

Our land development services at Sky Ranch include development of up to 4,400 single-family and multi-family homes, and over 1.6 million square feet of commercial, retail, and light industrial development. Sky Ranch will develop in multiple phases over a number of years. Our first phase of 151 acres is platted for 506 detached single-family residential lots. We have entered into agreements with three national home builders for the sale of all 506 lots, development of which is anticipated to begin in early 2018, with model homes scheduled for construction in the fall of 2018. We expect to phase the development of our initial 506 lots beginning with delivery of approximately 150 lots in 2018, delivering an additional 100 lots in mid-2019 and the balance of the lots to each builder depending on home sales. We estimate that build out of our initial 506 lots will take between three and four years.

In June 2017, we entered into purchase and sale agreements (collectively, the "Purchase and Sale Contracts") with three separate home builders pursuant to which we agreed to sell, and each builder agreed to purchase, a certain number (totaling 506) of single-family, detached residential lots at the Sky Ranch property. We will be developing finished lots for each of the three home builders (which are lots on which homes are ready to be built that include roads, curbs, wet and dry utilities, storm drains andother improvements). Each builder is required to purchase water and sewer taps for the lots from the Rangeview District, the cost of which depends on the size of the lot, the size of the house, and the amount of irrigated turf. Pursuant to the Off-Lowry Service Agreement, we will receive all of the water tap fees and wastewater tap fees and 90% of the monthly service fees and usage fees for wastewater services received by the Rangeview District from customers at Sky Ranch. We will also receive98% of the usage fees for water services received by the Rangeview District from customers at Sky Ranch, after deduction, in most instances, of the royalty to the Land Board related to the use of the Rangeview Water Supply.

The closing of the transactions contemplated by each Purchase and Sale Contract is subject to customary closing conditions, including, among others, the builder's completion to its satisfaction of a title review and other due diligence of the property, the accuracy of the representations and warranties made by us in the Purchase and Sale Contract, and a commitment by the title company to issue to the builder a title policy, subject to certain conditions. Within three business days of the execution of each Purchase and Sale Contract, each builder paid an earnest money deposit. Each builder had a 60-day due diligence period during which it had the right to terminate the Purchase and Sale Contract and receive a full refund of its earnest money deposit. The initial due diligence period was extended; however, on November 10, 2017, each builder completed its due diligence period and agreed to continue with its respective Purchase and Sale Contract. Pursuant to certain Purchase and Sale Contracts, the builder is required to make an additional earnest money deposit or deposits after the due diligence period and/or final approval of the entitlements for the property. The earnest money deposit or deposits will be applied to the payment of the purchase price of the lots at closing in accordance with a specified takedown schedule or be paid to us in the event of certain defaults by a builder. Pursuant to each Purchase and Sale Contract, we must obtain final approval of the entitlements for the property by August 2018 (which date we may extend by six months).

We are obligated pursuant to the Purchase and Sale Contracts, or separate Lot Development Agreements (the "Lot Development Agreements" and, together with the Purchase and Sale Contracts, the "Builder Contracts"), to construct infrastructure and other improvements, such as roads, curbs and gutters, park amenities, sidewalks, street and traffic signs, water and sanitary sewer mains and stubs, storm water management facilities, and lot grading improvements for delivery of finished lots to each builder. Pursuant to the Builder Contracts, we must cause the Rangeview District to install and construct off-site infrastructure improvements (*i.e.*, drainage and storm water retention ponds, a wastewater reclamation facility, and wholesale water facilities) for the provision of water and wastewater service to the property. In conjunction with our approvals with Arapahoe County for the Sky Ranch project, we and/or the Rangeview District and the Sky Ranch Districts are obligated to deposit into an account the anticipated costs to install and construct substantially all the off-site infrastructure improvements (which include drainage, wholesale water and wastewater, and entry roadway), which we estimate will be approximately $10.2 million.

We estimate the total capital required to develop lots in the first phase (506 lots) of Sky Ranch is approximately $27.8 million, and estimate lots sales to home builders to generate $35 million providing a margin on lots of approximately $7.2 million. Utility revenues are derived from tap fees (which vary depending on lot size, house size, and amount of irrigated turf) and usage fees (which are monthly water and wastewater fees). Our current Sky Ranch water tap fees are $26,650 (per SFE), and wastewater taps fees are $4,659 (per SFE).

We have begun design and preliminary engineering for our second phase which will include approximately 320 acres of residential development and 160 acres of commercial, retail, and industrial development along the Interstate-70 frontage. We expect to have multiple phases being developed concurrently and would expect the full development of the Sky Ranch project to occur over 10 – 14 years, depending on demand.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements.

The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with the timing of revenue recognition, the impairment of water assets and other long-lived assets, fair value estimates and share-based compensation. Below is a summary of these critical accounting policies.

Revenue Recognition

Our revenues consist mainly of monthly service fees, tap fees, construction fees, and consulting fees. As further described in Note 2 – *Summary of Significant Accounting Policies* to the accompanying financial statements, proceeds from tap sales and construction fees are deferred upon receipt and recognized in income based on whether we own or do not own the facilities constructed with the proceeds. We recognize tap and construction fees derived from agreements for which we construct infrastructure owned by others as revenue, along with the associated costs of construction, pursuant to the percentage-of-completion method. The percentage-of-completion method requires management to estimate the percent of work that is completed on a particular project, which could change materially throughout the duration of the construction period and result in significant fluctuations in revenue recognized during the reporting periods throughout the construction process. During the fiscal year ended August 31, 2017, we recognized $203,200 in tap fee revenues associated with the Wild Pointe acquisition. We did not recognize any tap revenues during the fiscal years ended August 31, 2016 or 2015.

Tap and construction fees derived from agreements for which we own the infrastructure are recognized as revenue ratably over the estimated service life of the assets constructed with said fees. Although the cash is received up-front and most construction will be completed within one year of receipt of the proceeds, revenue recognition may occur over 30 years or more. Management is required to estimate the service life, and currently the service life is based on the estimated useful accounting life of the assets constructed with the tap fees. The useful accounting life of the asset is based on management's estimation and may differ from the actual life of the asset or the actual service life of the tap due to a variety of factors. This is deemed a reasonable recognition life of the revenues because the depreciation of the assets constructed generating those revenues will therefore be matched with the revenues.

Monthly water usage fees, monthly wastewater service fees, and consulting fees are recognized in income each month as earned.

Pursuant to the O&G Lease and the Rangeview Lease, we received up-front payments which were recognized as other income on a straight-line basis over the initial term or extension of term, as applicable, of the leases. The up-front payments we received subsequent to year end pursuant to the Bison Lease will be recognized as other income on a straight-line basis over the initial term of the Bison Lease.

Impairment of Water Assets and Other Long-Lived Assets

We review our long-lived assets for impairment whenever management believes events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We measure recoverability of assets to be held and used by a comparison of the carrying amount of an asset to estimated future undiscounted net cash flows we expect to be generated by the eventual use of the asset. If such assets are considered to be impaired and therefore the costs of the assets deemed to be unrecoverable, the impairment to be recognized would be the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Our water assets will be utilized in the provision of water services which inevitably will encompass many housing and economic cycles. Our service capacities are quantitatively estimated based on an average single family home consuming approximately 0.2 acre feet of water per year. Average water deliveries are approximately 0.4 acre feet; however, approximately 50% or 0.2 acre feet are returned and available for reuse. Our water supplies are legally decreed to us through the water court. The water court decree allocates a specific amount of water (subject to continued beneficial use) which historically has not changed. Thus, individual housing and economic cycles typically do not have an impact on the number of connections we can serve with our supplies or the amount of water legally decreed to us relating to these supplies.

We report assets to be disposed of at the lower of the carrying amount or fair value less costs to sell.

Our Water Rights **–** We determine the undiscounted cash flows for our Denver-based assets by estimating tap sales to potential new developments in our service areas and along the Front Range, using estimated future tap fees less estimated costs to provide water services, over an estimated development period. Actual new home development in our service areas and the Front Range, actual future tap fees, and actual future operating costs inevitably will vary significantly from our estimates, which could have a material impact on our financial statements as well as our results of operations. We performed an impairment analysis as of August 31, 2017, and determined there were no material changes and that our Denver-based assets are not impaired and their costs are deemed recoverable. Our impairment analysis is based on development occurring within areas in which we have agreements to provide water services utilizing water rights owned by us (e.g., Sky Ranch and the Lowry Range) as well as in surrounding areas, including the Front Range and the I-70 corridor. Our combined Rangeview Water Supply and Sky Ranch water assets have a carrying value of $34.6 million as of August 31, 2017. Based on the carrying value of our water rights, the long-term and uncertain nature of any development plans, current tap fees of $24,974 and estimated gross margins, we estimate that we would need to add approximately 2,300 new water connections (requiring 4% of our portfolio) to generate net revenues sufficient to recover the costs of our Rangeview Water Supply and Sky Ranch water. If tap fees increase 5%, we would need to add approximately 2,200 new water taps (requiring 3.8% of our portfolio) to recover the costs of our Rangeview Water Supply and Sky Ranch water. If tap fees decrease 5%, we would need to add approximately 2,400 new water taps (requiring 4.2% of our portfolio) to recover the costs of our Rangeview Water Supply and Sky Ranch water.

Although the timing of actual new home development throughout the Front Range will impact our estimated tap sale projections, it will not alter our water ownership, our service obligations to existing properties or the number of SFEs we can service.

Fair Value Estimates

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. We generally use a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value. *See* Note 3 – *Fair Value Measurements* to the accompanying financial statements.

Share-based Compensation

We estimate the fair value of share-based payment awards made to key employees and directors on the date of grant using the Black-Scholes option-pricing model. We then expense the fair value over the vesting period of the grant using a straight-line expense model. The fair value of share-based payments requires management to estimate/calculate various inputs such as the volatility of the underlying stock, the expected dividend rate, the estimated forfeiture rate and an estimated life of each option. We do not expect any forfeiture of option grants; therefore, the compensation expense has not been reduced for estimated forfeitures. These assumptions are based on historical trends and estimated future actions of option holders and may not be indicative of actual events which may have a material impact on our financial statements. For further details on share-based compensation expense, see Note 8 – *Shareholders' Equity* to the accompanying financial statements.

Results of Operations

Executive Summary

The results of our operations for the fiscal years ended August 31, 2017, 2016 and 2015 were as follows:

Table G - Summary of Results of Operations

	Fiscal Years Ended August 31,			Change 2017-2016		Change 2016-2015	
	2017	2016	2015	$	%	$	%
Millions of gallons of water delivered	94.6	33.9	97.5	60.7	179%	(63.6)	-65%
Water revenues generated	$ 825,100	$ 221,000	$ 970,000	$ 604,100	273%	$ (749,000)	-77%
Water tap fee revenue	217,500	14,300	14,300	203,200	1421%	-	-
Water delivery operating costs incurred (excluding depreciation and depletion)	$ 332,400	$ 264,400	$ 464,900	$ 68,000	26%	$ (200,500)	-43%
Water delivery gross margin %	60%	-20%	52%				
Wastewater treatment revenues	$ 45,100	$ 43,700	$ 50,100	$ 1,400	3%	$ (6,400)	-13%
Wastewater treatment operating costs incurred	$ 28,600	$ 29,200	$ 66,700	$ (600)	-2%	$ (37,500)	-56%
Wastewater treatment gross margin %	37%	33%	-33%				
Other income	$ 98,600	$ 131,700	$ 120,700	$ (33,100)	-25%	$ 11,000	9%
Other income costs incurred	$ 61,900	$ 68,500	$ 55,200	$ (6,600)	-10%	$ 13,300	24%
Other income gross margin %	37%	48%	54%				
General and administrative expenses	$ 2,201,700	$ 1,849,700	$ 1,939,400	$ 352,000	19%	$ (89,700)	-5%
(Loss) income from continuing operations	$ (1,678,900)	$ (1,230,300)	$ (575,100)	$ (448,600)	36%	$ (655,200)	114%
Loss from discontinued operations	$ (32,000)	$ (80,300)	$ (22,552,800)	$ 48,300	-60%	$ 22,472,500	-100%
Net loss	$ (1,710,900)	$ (1,310,600)	$ (23,127,900)	$ (400,300)	31%	$ 21,817,300	-94%

Changes in Revenues and Gross Margin

We generate revenues from water and wastewater services. Water and wastewater revenues are generated from (i) monthly wholesale water usage fees and wastewater service fees, (ii) one-time water and wastewater tap fees and construction fees, and (iii) consulting fees.

Water and Wastewater Revenues – Our water deliveries increased 179% in fiscal 2017 compared to fiscal 2016 and decreased 65% in fiscal 2016 compared to fiscal 2015. Water revenues increased 273% in fiscal 2017 compared to fiscal 2016 and decreased 77% in fiscal 2016 compared to fiscal 2015. The changes in deliveries and sales were primarily due to the changes in demand for water to be used for oil and gas activities – namely, fracking wells drilled into the Niobrara Formation. Additionally, during fiscal 2017, we acquired the service rights for the Wild Pointe water system, which increased our revenue by $268,800 from fiscal 2016. The following table details the sources of our water sales, the number of kgal (1,000 gallons) sold, and the average price per kgal for fiscal 2017, fiscal 2016, and fiscal 2015.

Table H - Water Revenue Summary

	2017			2016			2015		
Customer Type	Sales (in thousands)	kgal	Average per kgal	Sales (in thousands)	kgal	Average per kgal	Sales (in thousands)	kgal	Average per kgal
On-Site	$ 174.6	26,996.1	$ 6.47	$ 149.1	26,620.8	$ 5.60	$ 137.3	20,821.7	$ 6.59
Export-Commercial	106.4	10,020.0	10.62	71.3	7,216.2	9.88	50.0	4,158.4	12.02
Wild Pointe	65.6	11,388.4	5.76	-	-	-	-	-	-
Industrial/Fracking	478.5	46,146.2	10.37	0.6	58.2	10.31	782.7	72,557.6	10.79
	$ 825.1	94,550.7	$ 8.73	$ 221.0	33,895.2	$ 6.52	$ 970.0	97,537.7	$ 9.94

Our gross margin on delivering water (not including depletion charges) was 59% in fiscal 2017, negative 20% in fiscal 2016 and 52% during fiscal 2015. The changes in our gross margins were due to changes in demand related to water sales to the fracking industry and our ability to offset the ECCV system costs with increased water deliveries in fiscal 2017 and fiscal 2015.

Our wastewater fees increased 3% in fiscal 2017 compared to fiscal 2016 and decreased 13% in fiscal 2016 compared to fiscal 2015. Wastewater fee fluctuations result from demand changes from our only customer.

We sold 10 water taps during fiscal 2017, which generated revenues of approximately $203,200 that are included in water tap fee sales in the statement of comprehensive loss. We did not sell any wastewater taps during fiscal 2017. We did not sell any water or wastewater taps during fiscal 2016 or 2015.

Other income consisted principally of consulting fees of $98,600, $131,700, and $85,800 for the fiscal years ended August 31, 2017, 2016, and 2015, respectively, which are recognized upon the rendering of our services. Our consulting fees decreased 25% in fiscal 2017 compared to fiscal 2016 and increased 54% in fiscal 2016 compared to fiscal 2015. The decrease in fees during fiscal 2017 is due to a reduction in the amount of consulting billings from water systems we managed in fiscal 2017 compared to fiscal 2016. The increase in fees in fiscal 2016 was the result of an increase in the number of water systems we managed in fiscal 2016 compared to fiscal 2015. During the fiscal year ended August 31, 2015, we also received income related to a cost-sharing arrangement from our industrial water sales related to the fracking industry in the amount of $34,900. Our margins have fluctuated as we allocated additional staff costs to system management.

General and Administrative Expenses

Table I details significant items, and changes, included in our General and Administrative Expenses (“G&A Expenses”) as well as the impact that share-based compensation has on our G&A Expenses for the fiscal years ended August 31, 2017, 2016 and 2015, respectively.

Table I - G&A Expenses

	Fiscal Years Ended August 31,			Change 2017-2016		Change 2016-2015	
	2017	2016	2015	$	%	$	%
Significant G&A Expense items:							
Salary and salary-related expenses	$ 1,389,700	$ 1,084,300	$ 1,234,100	$ 305,400	28%	$ (149,800)	-12%
Professional fees	237,000	250,900	291,400	(13,900)	-6%	(40,500)	-14%
Fees paid to directors including insurance	131,100	134,400	140,400	(3,300)	-2%	(6,000)	-4%
Insurance	29,900	35,900	31,600	(6,000)	-17%	4,300	14%
Public entity related expenses	134,700	109,500	83,200	25,200	23%	26,300	32%
Consulting fees	11,200	5,700	18,300	5,500	96%	(12,600)	-69%
Property taxes	7,500	9,200	7,400	(1,700)	-18%	1,800	24%
All other components of G&A combined	260,700	219,800	133,000	40,900	19%	86,800	65%
G&A Expenses as reported	2,201,800	1,849,700	1,939,400	352,100	19%	(89,700)	-5%
Share-based compensation	(233,200)	(219,900)	(240,000)	(13,300)	6%	20,100	-8%
G&A Expenses less share-based compensation	$ 1,968,600	$ 1,629,800	$ 1,699,400	$ 338,800	21%	$ (69,600)	-4%
Note - salary and salary-related expenses excluding share-based compensation:							
Salary and salary-related expenses	$ 1,156,500	$ 864,400	$ 994,100	$ 292,100	34%	$ (129,700)	-13%

Salary and Salary-Related Expenses – Salary and salary-related expenses increased by 28% during fiscal 2017 as compared to fiscal 2016 and decreased by 12% during fiscal 2016 as compared to fiscal 2015. The increase in fiscal 2017 compared to fiscal 2016 was the result of the increase from seven to 11 employees, as a result of the development of our Sky Ranch property and the addition of the Wild Pointe water system. The decrease in fiscal 2016 compared to fiscal 2015 was the result of us paying lower bonuses, offset by the addition of one operator, during fiscal 2016. As noted on the bottom line of Table I, salary and salary-related expenses excluding share-based compensation expenses increased 34% during fiscal 2017 compared to fiscal 2016 and decreased 13% during fiscal 2016 compared to fiscal 2015. Share-based compensation expense increased 6% during fiscal 2017 compared to fiscal 2016 as a result of an increase in the number of members on the board of directors. Share-based compensation expenses decreased 8% during fiscal 2016 compared to fiscal 2015 as a result of the complete recognition of options issued to management during fiscal 2013, which occurred over a period of less than 12 months during fiscal 2016.

Professional Fees (mainly legal and accounting fees) – Professional fees decreased 6% and 14% during fiscal 2017 compared to fiscal 2016 and fiscal 2016 compared to fiscal 2015, respectively. The decreases were primarily the result of decreases in general legal fees in both fiscal 2017 and fiscal 2016 compared to fiscal 2016 and fiscal 2015, respectively.

Fees Paid to Our Board of Directors – Fees for our board in fiscal 2017 include $55,600 for premiums related to our directors and officers insurance policy (this amount increased by $1,200 from fiscal 2016). The remaining fiscal 2017 fees of $74,500 represent amounts accrued to our board members for annual service, meeting attendance fees and travel expenses, which were lower than in fiscal 2016 due to a decrease in the number of board meetings held in 2017. Fees for our board in fiscal 2016 include $54,400 for premiums related to our directors and officers insurance policy (this amount increased by $4,000 from fiscal 2015). The remaining fiscal 2016 fees of $80,000 represent amounts accrued to our board members for annual service, meeting attendance fees and travel expenses, which were somewhat lower than in fiscal 2015 due to a decrease in the number of board meetings held in 2016. Fees for our board in fiscal 2015 include $50,500 for premiums related to our directors and officers insurance policy (this amount increased by $1,000 from fiscal 2014). The remaining fiscal 2015 fees of $89,900 represent amounts accrued to our board members for annual service, meeting attendance fees and travel expenses, which were higher than in fiscal 2014 due to changing from expensing annual director fees when paid to expensing annual director fees ratably throughout the calendar year.

Insurance – We maintain policies for general liability insurance, workers' compensation insurance, and casualty insurance to protect our assets. Insurance expense fluctuates based on the number of employees and premiums associated with insuring our water systems.

Public Entity Expenses – Costs associated with being a corporation and costs associated with being a publicly traded entity consist primarily of XBRL and Edgar conversion fees, stock exchange fees, and press releases. These costs fluctuate from year to year.

Consulting Fees – Consulting fees for fiscal 2017 consisted of $6,300 for information technology and other services and $4,900 for valuation services. Consulting fees for fiscal 2016 consisted of $5,000 for board advisory services and $700 related to the development of the Sky Ranch water agreements. Consulting fees for fiscal 2015 consisted of $10,000 for board advisory services, $3,800 related to developing Sky Ranch, and $4,500 related to the development of the Sky Ranch Districts.

Property Taxes – Our property taxes relate to our Sky Ranch and Rangeview properties and were approximately $7,500 in fiscal 2017. These taxes are based on estimated taxes paid in arrears and vary slightly from year to year based on actual assessments.

Other G&A Expenses – Other G&A expenses include typical operating expenses related to the maintenance of our office, business development, and travel, and funding provided to the Rangeview District and the Sky Ranch Districts. Other G&A increased 19% and 65% during fiscal 2017 compared to fiscal 2016 and fiscal 2016 compared to fiscal 2015, respectively. The changes were primarily the result of the timing of various expenses.

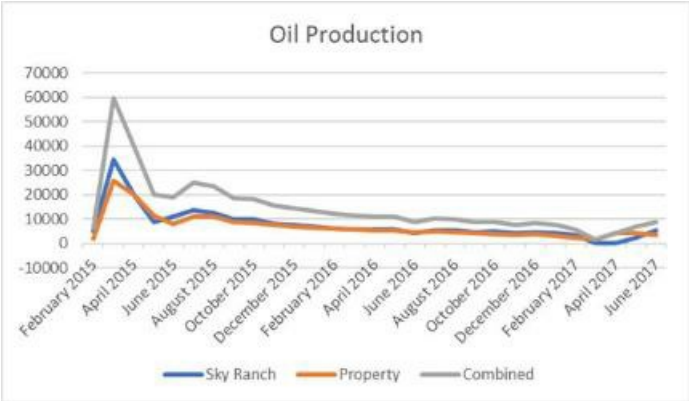
Other Income and Expense Items

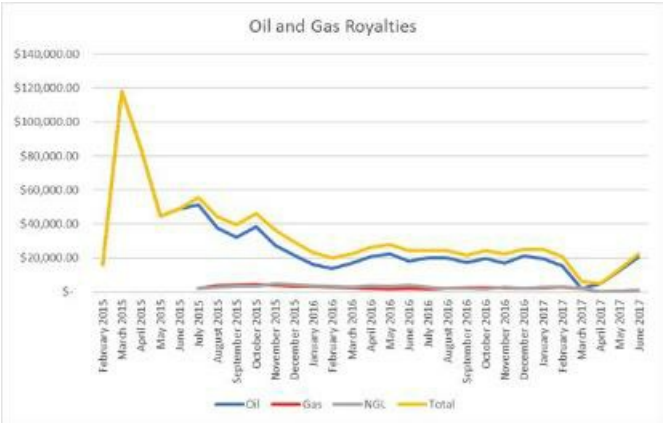
Table J - Other Items

	For the Fiscal Years Ended August 31,			Change			
				2017-2016		2016-2015	
	2017	2016	2015	$	%	$	%
Other income items:			$ 19				
Oil and gas lease income, net	$ 18,800	$ 360,800	$ 645,700	$ (342,000)	-95%	$ (284,900)	-44%
Oil and gas royalty income, net	$ 186,600	$ 343,600	$ 412,600	$ (157,000)	-46%	$ (69,000)	-17%
Interest income	$ 257,500	$ 241,300	$ 21,300	$ 16,200	7%	$ 220,000	1033%
Other	$ (10,500)	$ 3,900	$ 22,100	$ (14,400)	-369%	$ (18,200)	-82%

The $18,800, $360,800, and $645,700 of oil and gas lease payments recognized in fiscal 2017, fiscal 2016, and fiscal 2015, respectively, primarily represent the deferred recognition of the up-front payments received in March 2011 and February 2014, upon the signing of the O&G Lease and Surface Use Agreement and related extension. The amounts also represent the up-front payments received for the Rangeview Lease. On March 10, 2011 we received an up-front payment of $1,243,400 for the purpose of exploring for, developing, producing and marketing oil and gas on 634 acres of mineral estate we own at our Sky Ranch property. The oil and gas rights under the remaining approximately 300 acres at Sky Ranch were already owned by a third party. We deferred immediate recognition of the up-front payment and began recognizing the up-front payment in income over the initial three-year term of the O&G Lease beginning March 10, 2011. During February 2014, we received an additional payment of $1,243,400 to extend the initial term of the O&G Lease by an additional two years through February 2016. The income received for the extension was recognized in income over the two-year extension term of the O&G Lease.

The oil and gas royalty income represents amounts received pursuant to the O&G Lease. The amount for fiscal 2015 includes royalties from oil production from commencement of each well through August 15, 2015, which represents approximately six months of production. The amounts for fiscal 2017 and 2016 include royalties of each well from August 16th through August 15th, during each year, respectively. The first well (referred to as “Sky Ranch” in the chart below) generated oil and gas royalty revenue of approximately $147,300, $266,600 and $321,800, 20% gross (net of taxes), based on the Company’s 3/8^{ths} interest of the total production of this 1,280-acre pooled mineral estate during the fiscal years ended August 31, 2017, 2016 and 2015, respectively. This 10,000-foot horizontal well recorded production of approximately 33,600, 80,400 and 105,000 barrels of oil for the fiscal years ended August 31, 2017, 2016 and 2015, respectively. The second well (referred to as “Property” in the chart below) generated oil and gas royalty revenue of approximately $41,300, $77,000 and $90,800, 20% gross (net of taxes), based on the Company’s 1/8^{ths} interest of the total production of this 1,280-acre pooled mineral estate during the fiscal years ended August 31, 2017, 2016 and 2015, respectively. This 10,000-foot horizontal well recorded production of approximately 33,800, 73,400 and 88,600 barrels of oil for the fiscal years ended August 31, 2017, 2016 and 2015, respectively. The following charts detail well production and oil and gas royalties during fiscal 2015, fiscal 2016, and fiscal 2017.





Interest income represents interest earned on the temporary investment of capital in cash equivalents or available-for-sale securities, interest accrued on the notes receivable from the Rangeview District and the Sky Ranch District, and interest accrued on the Special Facilities construction proceeds receivable from Arapahoe County. The increase from fiscal 2015 compared to fiscal 2016 and fiscal 2017 is due to the receipt of interest on investments related to the proceeds from the sale of our farms.

Other represents income we received for various easements and the construction of infrastructure for the oil and gas industry, which is partially offset by other non-operational expenses.

Discontinued Operations

For additional information about our discontinued operations, see Note 2 – *Summary of Significant Account Policies* to the accompanying financial statements.

The following table provides the components of discontinued operations:

Table K - Discontinued Operations Statements of Operations

	Fiscal years ended August 31,		
	2017	2016	2015
Farm revenues	$ 6,848	$ 267,472	$ 1,127,155
Farm expenses	(1,298)	(77,132)	(126,279)
Gross profit	5,550	190,340	1,000,876
General and administrative expenses	(46,942)	(313,389)	(760,192)
Operating (loss) profit	(41,392)	(123,049)	240,684
Finance charges	9,367	38,428	21,710
(Loss) gain on sale of farm assets	-	4,273	(22,108,145)
Interest expense (1)	-	-	(390,505)
Interest imputed on the Tap Participation Fee payable to HP A&M (2)	-	-	(23,816)
Taxes			(292,729)
Loss from discontinued operations	$ (32,025)	$ (80,348)	$ (22,552,801)

(1) Interest expense represents interest accrued related to notes we had on our farm assets prior to the sale. All notes associated with the farms have been paid off, and thus we no longer incur interest on such notes.

(2) Imputed interest represents an estimate of the interest accrued on the Tap Participation Fee payable to HP A&M, which was eliminated as a result of the settlement with HP A&M during the three months ended February 28, 2015. As a result, we stopped accruing interest related to the Tap Participation Fee on that date.

We anticipate continued expenses through the end of calendar 2018 related to the discontinued operations. We will continue to receive revenues for leased agricultural land and incur expenses related to the remaining agricultural land we own and for the purpose of collecting outstanding receivables. We intend to sell the remaining farms that we acquired during fiscal 2016 in due course.

Liquidity, Capital Resources and Financial Position

At August 31, 2017, our working capital, defined as current assets less current liabilities, was $26.2 million, which includes $5.6 million in cash and cash equivalents. We believe that as of the date of the filing of this annual report on Form 10-K and as of August 31, 2017, we have sufficient working capital to fund our operations for the next 12 months.

ECCV Capacity Operating System

Pursuant to a 1982 contractual right, the Rangeview District may purchase water produced from the ECCV Land Board system, which is comprised of eight wells and more than 10 miles of buried water pipeline located on the Lowry Range. In May 2012, in order to increase the delivery capacity and reliability of these wells, in our capacity as the Rangeview District's service provider and the Export Water Contractor (as defined in the Lease among us, the Rangeview District and the Land Board), we entered into an agreement to operate and maintain the ECCV facilities, allowing us to utilize the system to provide water to commercial and industrial customers, including customers providing water for drilling and hydraulic fracturing of oil and gas wells. Our costs associated with the use of the ECCV system are a flat monthly fee of $8,000 per month from January 1, 2013 through December 31, 2020, and will decrease to $3,000 per month from January 1, 2021 through April 2032. Additionally, we pay a fee per 1,000 gallons of water produced from ECCV's system, which is included in the water usage fees charged to customers. In addition, the ECCV system costs us approximately $1,900 per month to maintain.

South Metropolitan Water Supply Authority and WISE

SMWSA is a municipal water authority in the State of Colorado organized to pursue the acquisition and development of new water supplies on behalf of its members, including the Rangeview District. Pursuant to the SMWSA Participation Agreement with the Rangeview District, we agreed to provide funding to the Rangeview District in connection with its membership in the SMWSA. During the fiscal years ended August 31, 2017, 2016 and 2015, we provided $198,200, $113,600, and $78,600, respectively, of funding to the Rangeview District pursuant to the SMWSA Participation Agreement. In July 2013, the Rangeview District together with nine other SMWSA members formed an entity to enable its members to participle in WISE and entered into an agreement that specifies each member's pro rata share of WISE and the members' rights and obligations with respect to WISE. On December 31, 2013, SMWA, Denver Water and Aurora Water entered into the WISE Partnership Agreement, which provides for the purchase of certain infrastructure (pipelines, water storage facilities, water treatment facilities, and other appurtenant facilities) to deliver water to and among the 10 members of the SMWA, Denver Water and Aurora Water. We have entered into the WISE Financing Agreement, which obligates us to fund the Rangeview District's cost of participating in WISE. In exchange for funding the Rangeview District's obligations in WISE, we will have the sole right to use and reuse the Rangeview District's 7% share of the WISE water and infrastructure to provide water service to the Rangeview District's customers and to receive the revenue from such service. Upon completion of the WISE infrastructure in 2017, we expect to be entitled to approximately 3 million gallons per day of transmission pipeline capacity and 500 acre feet per year of water. In addition to the funding we have provided to the Rangeview District pursuant to the SMWSA Participation Agreement, to date we have provided approximately $3.1 million of financing to the Rangeview District to fund its obligation to finance the purchase of infrastructure for WISE and the construction of a connection to the WISE system in accordance with the WISE Financing Agreement. We anticipate that we will be spending approximately $645,500 in this system during fiscal 2018 and $4.6 million during the next four years to fund the Rangeview District's purchase of its share of the water transmission line and additional facilities, water and related assets for WISE.

Summary Cash Flows Table

Table L - Summary Cash Flows

	For the Fiscal Years Ended August 31,			Change 2017-2016		Change 2016-2015	
	2017	2016	2015	$	%	$	%
Cash (used in) provided by:							
Operating acitivites	$ (1,052,900)	$ (270,700)	$ (974,100)	$ (782,200)	-289%	$ 703,400	-72%
Investing activities	$ 1,933,800	$ (32,119,000)	$ 42,531,700	$ 34,052,800	-106%	$ (74,650,700)	-176%
Financing activities	$ (2,400)	$ (2,000)	$ (6,218,200)	$ (400)	-20%	$ 6,216,200	-100%

Changes in Operating Activities – Operating activities include revenues we receive from the sale of wholesale water and wastewater services, costs incurred in the delivery of those services, G&A Expenses, and depletion/depreciation expenses.

Cash used in operations in fiscal 2017 increased by $782,200, which was primarily the result of an increase in salary and salary related expenses and consulting expenses as compared to fiscal 2016. Cash used in operations in fiscal 2016 decreased by $703,400 compared to fiscal 2015, which was primarily the result of receiving the remaining escrow from the sale of our farms of approximately $1.3 million. We will continue to provide wholesale domestic water and wastewater services to customers in our service areas, and we will continue to operate and maintain our water and wastewater systems with our own employees.

Changes in Investing Activities – Investing activities in fiscal 2017 consisted of investments in our water and wastewater systems of approximately $2.5 million, pipelines of approximately $4.4 million (approximately $300 thousand was expended for the pipeline in fiscal 2016 and was reclassified from construction in progress to fixed assets when the pipeline was placed into service), the development of our Sky Ranch land of approximately $900,000, and new equipment of approximately $100,000. The investments in new assets were offset by the sale of marketable securities of approximately $9.8 million. Investing activities in fiscal 2016 consisted of the investments in our water and wastewater systems and land of approximately $1.2 million, the purchase of equipment of approximately $472,300, and the net investment of approximately $30 million into U.S. treasuries and certificates of deposit. Investing activities in fiscal 2015 consisted of the sale of our farms, which generated proceeds of approximately $44.6 million, and the addition of approximately $2.1 million in water assets, which primarily consisted of the investment in WISE of approximately $2.5 million ($1.4 million acquired through the WISE Financing Agreement) and the addition of pipelines and other water infrastructure of approximately $1 million.

Changes in Financing Activities – Financing activities in fiscal 2017 and 2016 consisted only of payments to our contingent liability holders of approximately $2,400 and $2,000, respectively. Financing activities in fiscal 2015 consisted primarily of payments on our promissory notes of $8.9 million (which includes funding of the WISE Financing Agreement entered into in December 2014) and the issuance of approximately $2.7 million in new promissory notes.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist entirely of the contingent portion of the Comprehensive Amendment Agreement No. 1 (the "CAA") which is $673,000, as described in Note 5 – *Participating Interests in Export Water* to the accompanying financial statements. The contingent liability is not reflected on our balance sheet because the obligation to pay the CAA is contingent on sales of Export Water, the amounts and timing of which are not reasonably determinable.

Recently Adopted and Issued Accounting Pronouncements

See Note 2 – *Summary of Significant Accounting Policies* to the accompanying financial statements for recently adopted and issued accounting pronouncements.

Total Contractual Cash Obligations

Table M - Contractual Cash Obligations

		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations (a)	$ 12,000	$ 12,000	(a)	(a)	(a)
Participating Interests in Export Water (b)	344,000	(b)	(b)	(b)	(b)
WISE participation (c)	5,220,000	649,100	3,542,500	1,032,300	(c)
Total	$ 5,576,000	$ 661,100	$ 3,542,500	$ 1,032,300	$-

(a) Our only operating lease is related to our office space. We occupy 2,500 square feet at a cost of $3,000, per month, at the address shown on the cover of this Form 10-K. We lease these premises pursuant to a two-year operating lease agreement which expires in December 2018 with a third party.

(b) The participating interests liability is payable to the CAA holders upon the sale of Export Water; therefore, the timing of the payments is uncertain and not reflected in the above table by period.

(c) Projections for WISE participation have only been provided for the next five fiscal years. The timing and amount of payments beyond five years is uncertain and not reflected in the above table by period.

Item 7A – Quantitative and Qualitative Disclosures About Market Risk

General

We have limited exposure to market risks from instruments that may impact our balance sheets, statements of comprehensive loss, and statements of cash flows. Such exposure is due primarily to changing interest rates.

Interest Rates

The primary objective for our investment activities is to preserve principal while maximizing yields without significantly increasing risk. This is accomplished by investing in diversified short-term interest bearing investments. As of August 31, 2017, we are holding $20.2 million in marketable securities consisting of certificates of deposit and U.S. treasury notes. We have no investments denominated in foreign country currencies; therefore, our investments are not subject to foreign currency exchange rate risk.

Item 8 – Consolidated Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Pure Cycle Corporation:

We have audited the accompanying balance sheet of Pure Cycle Corporation (the "Company") as of August 31, 2017, and the related statements of comprehensive loss, shareholders' equity, and cash flows for the year then ended August 31, 2017. We also have audited the Company's internal control over financial reporting as of August 31, 2017, based on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures ofthe company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pure Cycle Corporation as of August 31, 2017, and the results of its operations and its cash flows for the year ended August 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2017, based on criteria established in the 2013 Internal Control – Integrated Framework issued by COSO.

/s/ Crowe Horwath LLP

Denver, Colorado
November 15, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Pure Cycle Corporation

We have audited the accompanying consolidated balance sheet of Pure Cycle Corporation as of August 31, 2016, and the related consolidated statements of comprehensive loss, shareholders' equity, and cash flows for each of the years in the two-year period ended August 31, 2016. Pure Cycle Corporation's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pure Cycle Corporation as of August 31, 2016, and the results of its operations and its cash flows for each of the years in the two-year period ended August 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

/s/ GHP HORWATH, P.C

Denver, Colorado
October 27, 2016

PURE CYCLE CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS:	August 31, 2017	August 31, 2016
Current assets:		
Cash and cash equivalents	$ 5,575,823	$ 4,697,288
Short-term investments	20,055,345	23,176,450
Trade accounts receivable, net	663,762	181,006
Sky Ranch receivable	215,504	171,924
Prepaid expenses	503,100	350,819
Assets of discontinued operations	110,748	229,940
Total current assets	27,124,282	28,807,427
Long-term investments	187,975	6,853,276
Investments in water and water systems, net	34,575,713	28,321,926
Land and mineral interests	6,248,371	5,345,800
Notes receivable - related parties, including accrued interest	776,364	628,446
Other assets	424,226	472,392
Assets of discontinued operations held for sale	450,641	450,347
Total assets	$ 69,787,572	$ 70,879,614
LIABILITIES:		
Current liabilities:		
Accounts payable	492,410	160,390
Accrued liabilities	380,852	242,624
Deferred revenues	55,800	55,800
Deferred oil and gas lease payment	-	19,000
Liabilities of discontinued operations	11,165	4,394
Total current liabilities	940,227	482,208
Deferred revenues, less current portion	999,688	1,055,491
Participating Interests in Export Water Supply	341,558	343,966
Total liabilities	2,281,473	1,881,665
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Preferred stock:		
Series B - par value $.001 per share, 25 million shares authorized;	433	433
432,513 shares issued and outstanding (liquidation preference of $432,513)		
Common stock:		
Par value 1/3 of $.01 per share, 40 million shares authorized;		
23,754,098 and 23,754,098 shares issued and outstanding, respectively	79,185	79,185
Collateral stock	–	–
Additional paid in capital	171,431,486	171,198,241
Accumulated other comprehensive income (loss)	(11,105)	3,122
Accumulated deficit	(103,993,900)	(102,283,032)
Total shareholders' equity	67,506,099	68,997,949
Total liabilities and shareholders' equity	$ 69,787,572	$ 70,879,614

See accompanying Notes to Financial Statements

PURE CYCLE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the Fiscal Years Ended August 31,		
	2017	2016	2015
Revenues:			
Metered water usage	$ 825,056	$ 220,997	$ 969,989
Wastewater treatment fees	45,106	43,712	50,076
Special facility funding recognized	41,508	41,508	41,508
Water tap fees recognized	217,515	14,294	14,294
Other income	98,602	131,650	120,702
Total revenues	1,227,787	452,161	1,196,569
Expenses:			
Water service operations	(332,449)	(264,424)	(464,940)
Wastewater service operations	(28,615)	(29,187)	(66,745)
Other	(61,860)	(68,478)	(55,173)
Depletion and depreciation	(380,382)	(166,670)	(172,546)
Total cost of revenues	(803,306)	(528,759)	(759,404)
Gross margin	424,481	(76,598)	437,165
General and administrative expenses	(2,201,744)	(1,849,743)	(1,939,395)
Depreciation	(353,939)	(253,434)	(174,717)
Operating loss	(2,131,202)	(2,179,775)	(1,676,947)
Other income (expense):			
Oil and gas lease income, net	18,765	360,765	645,720
Oil and gas royalty income, net	186,595	343,620	412,627
Interest income	257,488	241,279	21,334
Other	(10,489)	3,852	22,120
Loss from continuing operations	(1,678,843)	(1,230,259)	(575,146)
Loss from discontinued operations, net of taxes	(32,025)	(80,348)	(22,552,801)
Net loss before taxes	(1,710,868)	(1,310,607)	(23,127,947)
Taxes	–	–	–
Net loss	$ (1,710,868)	$ (1,310,607)	$ (23,127,947)
Unrealized holding (losses) gains	(14,227)	3,122	–
Total comprehensive loss	$ (1,725,095)	$ (1,307,485)	$ (23,127,947)
Basic and diluted net loss per common share -			
Loss from continuing operations	$ (0.07)	$ (0.06)	$ (0.03)
Loss from discontinued operations	*	*	$ (0.93)
Net loss	$ (0.07)	$ (0.06)	$ (0.96)
Weighted average common shares outstanding – basic and diluted	23,754,098	23,781,041	24,041,114

* Amount is less than $.01 per share

See accompanying Notes to Financial Statements

PURE CYCLE CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated Other Comprehensice Income	Collateral	Accumulated	
	Shares	Amount	Shares	Amount	Capital	(loss)	Stock	Deficit	Total
September 1, 2014 balance:	432,513	433	24,037,598	80,130	168,794,396	-	-	(77,844,478)	91,030,481
Share-based compensation	-	-	-	-	239,986	-	-	-	239,986
Exercise of options	-	-	16,500	55	48,770	-	-	-	48,825
Reduction in TPF due to remedies under the Arkansas River Agreement	-	-	-	-	3,301,203	-	-	-	3,301,203
Collateral stock	-	-	-	-	-	-	(1,407,000)	-	(1,407,000)
Net loss	-	-	-	-	-	-	-	(23,127,947)	(23,127,947)
August 31, 2015 balance:	432,513	433	24,054,098	80,185	172,384,355	-	(1,407,000)	(100,972,425)	70,085,548
Share-based compensation	-	-	-	-	219,886	-	-	-	219,886
Collateral stock retired	-	-	(300,000)	(1,000)	(1,406,000)	-	1,407,000	-	-
Net loss	-	-	-	-	-	-	-	(1,310,607)	(1,310,607)
Unrealized holding gain on investments	-	-	-	-	-	3,122	-	-	3,122
August 31, 2016 balance:	432,513	433	23,754,098	79,185	171,198,241	3,122	-	(102,283,032)	68,997,949
Share-based compensation					233,245				233,245
Net loss								(1,710,868)	(1,710,868)
Unrealized holding gain on investments						(14,227)			(14,227)
August 31, 2017 balance:	432,513	$ 433	23,754,098	$ 79,185	$171,431,486	$ (11,105)	$ -	$(103,993,900)	$67,506,099

See accompanying Notes to Financial Statements

PURE CYCLE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the fiscal Years Ended August 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net loss	$ (1,710,868)	$ (1,310,607)	$ (23,127,947)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Share-based compensation expense	233,245	219,886	239,986
Depreciation, depletion and other non-cash items	734,324	420,104	347,263
Investment in Well Enhancement and Recovery Systems LLC	10,488	10,675	4,577
Interest income and other non-cash items	(14,647)	(41,114)	(419)
Interest added to receivable from related parties	(34,755)	(29,099)	(15,493)
Changes in operating assets and liabilities:			
Trade accounts receivable	(482,756)	(23,161)	918,252
Prepaid expenses	(152,281)	(122,733)	43,472
Note receivable - related parties	(156,743)	(31,633)	(105,208)
Accounts payable and accrued liabilities	477,538	(269,428)	(848,669)
Income taxes	-	(292,729)	292,729
Deferred revenue	(55,803)	(55,802)	(64,226)
Deferred income - oil and gas lease	(19,000)	(360,765)	(645,720)
Net cash used in operating activities from continuing operations	(1,171,258)	(1,886,406)	(22,961,403)
Net cash provided by operating activities from discontinued operations	118,379	1,615,677	21,987,337
Net cash used in operating activities	(1,052,879)	(270,729)	(974,066)
Cash flows from investing activities:			
Investments in water, water systems and land	(2,486,403)	(1,209,416)	(2,101,253)
Investments in Sky Ranch pipeline	(4,368,196)		
Ivestments in Sky Ranch land development	(902,600)		
Sales and maturities of marketable securities	9,786,406	2,840,000	-
Purchase of short-term investments	-	(25,970,721)	-
Purchase of long-term investments	-	(6,855,189)	-
Purchase of property and equipment	(95,385)	(472,310)	(17,186)
Net cash provided by (used in) investing activities from continuing operations	1,933,822	(31,667,636)	(2,118,439)
Net cash provided by (used in) investing activities from discontinued operations	-	(451,347)	44,650,149
Net cash provided by (used in) investing activities	1,933,822	(32,118,983)	42,531,710
Cash flows from financing activities:			
Proceeds from exercise of options	-	-	48,825
Payment to contingent liability holders	(2,408)	(2,041)	(8,621)
Net cash (used in) provided by financing activities from continuing operations	(2,408)	(2,041)	40,204
Net cash used in financing activities from discontinued operations	-	-	(6,258,365)
Net cash used in financing activities	(2,408)	(2,041)	(6,218,161)
Net change in cash and cash equivalents	878,535	(32,391,753)	35,339,483
Cash and cash equivalents - beginning of year	4,697,288	37,089,041	1,749,558
Cash and cash equivalents - end of year	$ 5,575,823	$ 4,697,288	$ 37,089,041
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Retirement of collateral stock	$ -	$ 1,407,000	$ -
Reduction in Tap Participation Fee Liability and HP&AM receivable, collateral stock, and mineral interests received as a result of settlement of the Arkansas River Agreement	$ -	$ -	$ 1,894,203
Assets acquired through WISE funding obligation	$ -	$ -	$ 1,381,004

See accompanying Notes to Financial Statements

NOTE 1 – ORGANIZATION

Pure Cycle Corporation (the "Company") was incorporated in Delaware in 1976 and reincorporated in Colorado in 2008. The Company owns assets in the Denver, Colorado metropolitan area. The Company is currently using its water assets located in the Denver metropolitan area to provide wholesale water and wastewater services to customers located in the Denver metropolitan area.

The Company provides a full line of wholesale water and wastewater services which includes designing and constructing water and wastewater systems as well as operating and maintaining such systems. The Company's business focus is to provide wholesale water and wastewater services, predominately to local governmental entities, which provide services to their end-use customers throughout the Denver metropolitan area as well as along the Colorado Front Range.

In addition to the Company's water and wastewater operations, the Company is developing 931 acres of land owned by the Company along Denver's I-70 corridor as a master planned community known as Sky Ranch.

As of August 31, 2017, the Company had $26.2 million of working capital, which included $5.6 million of cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of Pure Cycle Corporation and its majority-owned and controlled subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used to account for certain items such as share-based compensation, deferred tax asset valuation, and the useful lives of assets, etc. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less. The Company's cash equivalents are comprised entirely of money market funds maintained at a reputable financial institution. At various times during the fiscal year ended August 31, 2017, the Company's main operating account exceeded federally insured limits. The Company has never suffered a loss due to such excess balance.

Investments

Management determines the appropriate classification of its investments in certificates of deposit and treasury securities at the time of purchase and reevaluates such determinations each reporting period.

Certificates of deposit and debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. The Company has $188,000 of investments classified as held-to-maturity at August 31, 2017, which represent certificates of deposit and U.S. treasury notes with maturity dates after August 31, 2018. Securities that the Company does not have the positive intent or ability to hold to maturity, including certificates of deposit, debt securities and any investments in equity securities, are classified as available-for-sale. Securities classified as available-for-sale are marked-to-market at each reporting period. Changes in value on such securities are recorded as a component of *Accumulated other comprehensive income (loss).* The cost of securities sold is based on the specific identification method. The Company's certificates of deposit and treasury securities mature at various dates through July 2018.

Concentration of Credit Risk and Fair Value

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and investments. From time to time, the Company places its cash in money market instruments, certificates of deposit and U.S. government treasury obligations. To date, the Company has not experienced significant losses on any of these investments.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Cash and Cash Equivalents **–** The Company's cash and cash equivalents are reported using the values as reported by the financial institution where the funds are held. These securities primarily include balances in the Company's operating and savings accounts. The carrying amount of cash and cash equivalents approximate fair value.

Trade Accounts Receivable **–** The Company records accounts receivable net of allowances for uncollectible accounts.

Investments **–** The carrying amounts of investments approximate fair value. Investments are described further in Note 3 *–Fair Value Measurements.*

Accounts Payable **–** The carrying amounts of accounts payable approximate fair value due to the relatively short period to maturity for these instruments.

Long-Term Financial Liabilities **–** The Comprehensive Amendment Agreement No. 1 (the "CAA") is comprised of a recorded balance and an off-balance sheet or "contingent" obligation associated with the Company's acquisition of its "Rangeview Water Supply" (defined in Note 4 – *Water and Land Assets*). The amount payable is a fixed amount but is repayable only upon the sale of "Export Water" (defined in Note 4 – *Water and Land Assets*). Because of the uncertainty of the sale of Export Water, the Company has determined that the recorded balance of the CAA does not have a determinable fair value. The CAA is described further in Note 5 – *Participating Interests in Export Water*.

Notes Receivable – Related Parties **–** The market value of the notes receivable – related parties: Rangeview Metropolitan District (the "Rangeview District") and Sky Ranch Metropolitan District No. 5 are not practical to estimate due to the related party nature of the underlying transactions.

Off-Balance Sheet Instruments **–** The Company's off-balance sheet instruments consist entirely of the contingent portion of the CAA. Because repayment of this portion of the CAA is contingent on the sale of Export Water, which is not reasonably estimable, the Company has determined that the contingent portion of the CAA does not have a determinable fair value. See further discussion in Note 5 – *Participating Interests in Export Water.*

Cash Flows

The Company did not have any debt during the fiscal years ended August 31, 2017 and 2016, and therefore did not pay any interest during the fiscal years ended August 31, 2017 and 2016. The Company paid $441,400 in interest during the fiscal year ended August 31, 2015.

The Company did not pay any income taxes during the fiscal year ended August 31, 2017. In the fiscal year ended August 31, 2016, the Company paid $292,700 for alternative minimum tax the Company owed as a result of the sale of the Company's farm assets. The Company did not pay any income taxes during the fiscal year ended August 31, 2015.

Trade Accounts Receivable

The Company records accounts receivable net of allowances for uncollectible accounts. Excluded from trade accounts receivable are balances due from discontinued operations. The Company has not recorded an allowance for uncollectible accounts in receivables from continuing operations for either of the periods ended August 31, 2017 or 2016. The allowance for uncollectible accounts was determined based on specific review of all past due accounts.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the eventual use of the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Capitalized Costs of Water and Wastewater Systems and Depreciation and Depletion Charges

Costs to construct water and wastewater systems that meet the Company's capitalization criteria are capitalized as incurred, including interest, and depreciated on a straight-line basis over their estimated useful lives of up to 30 years. The Company capitalizes design and construction costs related to construction activities, and it capitalizes certain legal, engineering and permitting costs relating to the adjudication and improvement of its water assets.

The Company depletes its water assets that are being utilized on the basis of units produced (i.e., thousands of gallons sold) divided by the total volume of water adjudicated in the water decrees.

Tap Participation Fee Liability and Imputed Interest Expense

Pursuant to the Asset Purchase Agreement dated May 10, 2006 (the "Arkansas River Agreement") between the Company and HP A&M (formerly a significant shareholder), the Company was obligated to pay HP A&M a defined percentage of a defined number of water tap fees the Company receives after the date of the Arkansas River Agreement (the "Tap Participation Fee" or "TPF"). Prior to September 1, 2014, the Company and HP A&M had a dispute regarding certain defaults of HP A&M relating to the agreement. In 2014 and 2015, the Company settled its claims against HP A&M relating to the defaults. As a result of the settlement, during the year ended August 31 2015, the remaining TPF liability of approximately $3.3 million, was eliminated, which, due to the related party nature of the transaction, was accounted for as an increase in equity of approximately $3.3 million.

Revenue Recognition

The Company generates revenues through one line of business. Its revenues are derived through its wholesale water and wastewater business, which is described below.

The Company generates revenues through its wholesale water and wastewater business predominately from three sources: (i) monthly wholesale water usage fees and wastewater service fees, (ii) one-time water and wastewater tap fees and construction fees, and (iii) consulting fees. Because these items are separately delivered, the Company accounts for each of the items separately, as described below.

i) Monthly wholesale water and wastewater service fees – Monthly wholesale water usage charges are assessed to the Company's customers based on actual metered usage each month plus a base monthly service fee assessed per single family equivalent ("SFE") unit served. One SFE is a customer, whether residential, commercial or industrial, that imparts a demand on the Company's water or wastewater systems similar to the demand of a family of four persons living in a single family house on a standard sized lot. One SFE is assumed to have a water demand of approximately 0.4 acre feet per year and to contribute wastewater flows of approximately 300 gallons per day. Water usage pricing uses a tiered pricing structure. The Company recognizes wholesale water usage revenues upon delivering water to its customers or its governmental customers' end-use customers, as applicable. Revenues recognized by the Company from the sale of "Export Water" and other portions of its "Rangeview Water Supply" off the Lowry Range are shown gross of royalties to the State of Colorado Board of Land Commissioners (the "Land Board"). Revenues recognized by the Company from the sale of water on the Lowry Range are shown net of royalties paid to the Land Board and amounts retained by the Rangeview District. See further description of "Export Water," the "Lowry Range," and the "Rangeview Water Supply" in Note 4 – *Water and Land Assets* under "Rangeview Water Supply and Water System."

   The Company recognizes wastewater processing revenues monthly based on a flat monthly fee and actual usage charges. The monthly wastewater service fees are shown net of amounts retained by the Rangeview District. Amounts recognized for water and wastewater services during the fiscal years ended August 31, 2017, 2016 and 2015 are presented in the statements of comprehensive loss. Costs of delivering water and providing wastewater service to customers are recognized as incurred.

   The Company delivered 94.6 million, 33.9 million and 97.5 million gallons of water to customers during the fiscal years ended August 31, 2017, 2016 and 2015, respectively.

ii) Water and wastewater tap fees and construction fees – Tap fees, also called system development fees, are received in advance, are non-refundable and are typically used to fund construction of certain facilities and defray the acquisition costs of obtaining water rights and constructing facilities to deliver water. Construction fees are fees used by the Company to construct assets that are typically required to be constructed by developers or home builders and are separate from tap fees.

   Proceeds from tap fees and construction fees are deferred upon receipt and recognized in income either upon completion of construction of infrastructure or ratably over time, depending on whether the Company owns the infrastructure constructed with the proceeds or a customer owns the infrastructure constructed with the proceeds.

Tap and construction fees derived from agreements in which the Company will not own the assets constructed with the fees are recognized as revenue using the percentage-of-completion method. Costs of construction of the assets when the Company will not own the assets are recorded as construction costs.

Tap and construction fees derived from agreements for which the Company will own the infrastructure are recognized as revenues ratably over the estimated accounting service life of the facilities constructed, starting at completion of construction, which could be in excess of 30 years. Costs of construction of the assets when the Company will own the assets are capitalized and depreciated over their estimated economic lives.

From time to time, the Company enters into water service agreements to provide water service to customers. The Company owns the facilities which store, treat, and deliver the water and amortizes the cost of these facilities over their useful lives. The Company recognized $217,500 of tap fee revenue for the year ended August 31, 2017 and $14,300 of tap fee revenue in each of the two fiscal years ended August 31, 2016, and 2015. The Company recognized $41,500 of "Special Facilities" funding as revenue in each of the three fiscal years ended August 31, 2017, 2016, and 2015. As of August 31, 2017, the Company has deferred recognition of $1.1 million of tap and construction revenue from customer agreements, which will be recognized as revenue ratably through 2036.

iii) Consulting fees – Consulting fees are fees the Company receives, typically on a monthly basis, from municipalities and area water providers along the I-70 corridor, for contract operations services. The Company recogizes consulting fees monthly, based on a flat monthly fee plus charges for additional work performed.

Royalty and Other Obligations

Revenues from the sale of Export Water are shown gross of royalties payable to the Land Board. Revenues from the sale of water on the Lowry Range are shown net of the royalties to the Land Board and the amounts retained by the Rangeview District.

Oil and Gas Lease Payments

As further described in Note 4 – *Water and Land Assets* below, on March 10, 2011, the Company entered into a three-year Paid-Up Oil and Gas Lease (the "O&G Lease") and a Surface Use and Damage Agreement (the "Surface Use Agreement") with Anadarko E&P Company, L.P. ("Anadarko"), which subsequently sold the O&G Lease to a wholly-owned subsidiary of ConocoPhillips Company, for the purpose of exploring for, developing, producing and marketing oil and gas on approximately 634 acres of mineral estate owned by the Company at its Sky Ranch property. The Company received a payment of $1,243,400 during February 2014 to extend the O&G Lease an additional two years through February 2016, which was recognized as income on a straight-line basis over two years (the extension term of the O&G Lease). In addition, during the fiscal year ended August 31, 2015, the Company received an up-front payment of $72,000, for the purpose of exploring for, developing, producing, and marketing oil and gas on 40 acres of mineral estate the Company owns adjacent to the Lowry Range (the "Rangeview Lease"). The Company recognizes the up-front payments on a straight-line basis over the terms of the respective leases. During the fiscal years ended August 31, 2017, 2016 and 2015, the Company recognized $19,000, $360,800, and $645,700, respectively, of income related to the up-front payments received pursuant to these leases.

As of August 31, 2017, the Company recognized the remaining $19,000 of income related to the Rangeview Lease. Subsequent to August 31, 2017, the Company entered into a Paid-Up Oil and Gas Lease with Bison Oil and Gas, LLP, for the purpose of exploring for, developing, producing, and marketing oil and gas on the 40 acres of mineral estate the Company owns adjacent to the Lowry Range (the "Bison Lease"). Pursuant to the Bison Lease, on September 20, 2017, the Company received an up-front payment of $167,200, which will be recognized as income on a straight-line basis over three years (the term of the Bison Lease).

During the three months ended February 28, 2015, two wells were drilled within the Company's mineral interest. Beginning in March 2015, both wells were placed into service and began producing oil and gas and accruing royalties to the Company. In May 2015, certain gas collection infrastructure was extended to the property to allow the collection of gas from the wells and accrual of royalties attributable to gas production. During the fiscal years ended August 31, 2017, 2016 and 2015, the Company received $186,600, $343,600 and $412,600, respectively, in royalties attributable to these two wells. The Company classifies income from lease and royalty payments as *Other income* in the statement of comprehensive loss as the Company does not consider these arrangements to be an operating business activity.

Share-based Compensation

The Company maintains a stock option plan for the benefit of its employees and directors. The Company records share-based compensation costs which are measured at the grant date based on the fair value of the award and are recognized as expense over the applicable vesting period of the stock award using the straight-line method. The Company has adopted the alternative transition method for calculating the tax effects of share-based compensation which allows for a simplified method of calculating the tax effects of employee share-based compensation. Because the Company has a full valuation allowance on its deferred tax assets, the granting and exercise of stock options during the fiscal years ended August 31, 2016 and 2015 had no impact on the income tax provisions.

The Company recognized $233,200, $219,900, and $240,000 of share-based compensation expenses during the fiscal years ended August 31, 2017, 2016 and 2015, respectively.

Income Taxes

The Company uses a "more-likely-than-not" threshold for the recognition and de-recognition of tax positions, including any potential interest and penalties relating to tax positions taken by the Company. The Company does not have any significant unrecognized tax benefits as of August 31, 2017.

The Company files income tax returns with the Internal Revenue Service and the State of Colorado. The tax years that remain subject to examination are fiscal 2013 through fiscal 2016. The Company does not believe there will be any material changes in its unrecognized tax positions over the next 12 months.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. At August 31, 2017, the Company did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized during the fiscal years ended August 31, 2017, 2016 or 2015.

Discontinued Operations

In August 2015, the Company sold approximately 14,600 acres of irrigated farm land and related Arkansas River water rights for proceeds of approximately $44.7 million, which were substantially all of the assets comprising the Company's agricultural segment. Pursuant to the terms of the purchase and sale agreement, the Company continued to manage and receive the lease income until December 31, 2015. As a consequence of the sale, the operating results and the assets and liabilities of the discontinued operations, which formerly comprised the agricultural segment, are presented separately in the Company's financial statements. Summarized financial information for the discontinued agricultural business is shown below. Prior period balances have been reclassified to present the operations of the agricultural business as a discontinued operation.

Discontinued Operations Statements of Operations

	Fiscal years ended August 31,		
	2017	**2016**	**2015**
Farm revenues	$ 6,800	$ 267,500	$ 1,127,200
Farm expenses	(1,300)	(77,100)	(126,300)
Gross profit	5,500	190,400	1,000,900
General and administrative expenses	(46,900)	(313,400)	(760,200)
Operating (loss) profit	(41,400)	(123,000)	240,700
Finance charges	9,400	38,400	21,700
(Loss) gain on sale of farm assets	-	4,300	(22,108,200)
Interest expense (1)	-	-	(390,500)
Interest imputed on the Tap Participation Fee payable to HP A&M (2)	-	-	(23,800)
Taxes			(292,700)
Loss from discontinued operations, net of taxes	$ (32,000)	$ (80,300)	$ (22,552,800)

(1) Interest expense represents interest accrued related to notes the Company had on its farm assets prior to the sale. All notes associated with the farms have been paid off, and thus the Company no longer incurs interest on such notes.

(2) Imputed interest represents an estimate of the interest accrued on the Tap Participation Fee payable to High Plains A&M, LLC ("HP A&M"), which was eliminated as a result of the settlement with HP A&M during the three months ended February 28, 2015. As a result, the Company no longer accrues interest related to the Tap Participation Fee.

The Company anticipates continued expenses through the end of calendar 2018 related to the discontinued operations. The Company will continue to incur expenses related to the remaining agricultural land the Company continues to own and for the purpose of collecting outstanding receivables.

The individual assets and liabilities of the discontinued agricultural business are combined in the captions "Assets of discontinued operations" and "Liabilities of discontinued operations" in the consolidated balance sheets. The carrying amounts of the major classes of assets and liabilities included part of the discontinued business are presented in the following table:

Discontinued Operations Balance Sheets

	August 31, 2017	August 31, 2016
Assets:		
Trade accounts receivable	$ 110,700	$ 227,100
Land held for sale (1)	450,600	450,300
Prepaid expenses	-	2,900
Total assets	$ 561,300	$ 680,300
Liabilities:		
Accrued liabilities	11,200	4,400
Total liabilities	$ 11,200	$ 4,400

(1) ***Land Held for Sale.*** During the fiscal quarter ended November 30, 2015, the Company purchased three farms totaling 700 acres for approximately $451,000. The farms were acquired to correct dry-up covenant issues related to water only farms to obtain the release of the escrow funds related to the Company's farm sale to Arkansas River Farms, LLC. The Company intends to sell the farms in due course and has classified the farms as long-term assets.

Loss per Common Share

Loss per common share is computed by dividing net loss by the weighted average number of shares outstanding during each period. Common stock options and warrants aggregating 465,600, 338,100, and 312,100 common share equivalents as of August 31, 2017, 2016 and 2015, respectively, have been excluded from the calculation of loss per common share as their effect is anti-dilutive.

Recently Issued Accounting Pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and ensure that there are proper controls in place to ascertain that the Company's financial statements properly reflect the change. New pronouncements assessed by the Company recently are discussed below:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers, (Topic 606)* that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. The Company is continuing to study the impacts of this standard and its amendments, including impacts on tap fee and other up-front revenue payments and how impacts if any will be initially reflected at the adoption date. The Company does not expect that revenue recognition from on-going water sale and delivery fees and waste water disposal fees, or consulting service contracts, will be significantly affected but these matters are continuing to be assessed. The new standard is effective for annual reporting periods beginning after December 31, 2017, including interim reporting periods within that reporting period. Earlier adoption is permitted.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 describes how an entity's management should assess, considering both quantitative and qualitative factors, whether there are conditions and events that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued, which represents a change from the existing literature that requires consideration about an entity's ability to continue as a going concern within one year after the balance sheet date. The standard is effective for the Company on September 1, 2016. The adoption of ASU 2014-15 did not have a material impact on the Company's financial statements.

In April 2014, the FASB issued ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the presentation and disclosure requirements for discontinued operations. The update was adopted by the Company in fiscal year 2016.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Company uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 — Valuations for assets and liabilities traded in active exchange markets, such as The NASDAQ Stock Market. The Company had no Level 1 assets or liabilities as of August 31, 2017 or August 31, 2016.

Level 2 — Valuations for assets and liabilities obtained from readily available pricing sources via independent providers for market transactions involving similar assets or liabilities. The Company had 56 and 36 Level 2 assets as of August 31, 2017 and 2016, respectively, which consist of certificates of deposit and U.S. treasury notes.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. The Company had one Level 3 liability, the contingent portion of the CAA, as of August 31, 2017 and 2016. The Company has determined that the contingent portion of the CAA does not have a determinable fair value (see Note 5).

The Company maintains policies and procedures to value instruments using what management believes to be the best and most relevant data available.

Level 2 Asset – Available for Sale Securities. The Company's available for sale securities are the Company's only financial asset measured at fair value on a recurring basis. The fair value of the available for sale securities is based on the values reported by the financial institutions where the funds are held. These securities include only federally insured certificates of deposit and U.S. treasuries.

The following table provides information on the assets and liabilities measured at fair value on a recurring basis as of August 31, 2017:

			Fair Value Measurement Using:			
	Fair Value	Cost / Other Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Accumulated Unrealized Gains and (Losses)
Certificates of deposit	$ 12,673,700	$ 12,694,500	$ -	$ 12,673,700	$ -	$ (20,800)
U.S. treasuries	7,381,700	7,372,000	-	7,381,700	-	9,700
Subtotal	$ 20,055,400	$ 20,066,500	$ -	$ 20,055,400	$ -	$ (11,100)
Long-term investments	188,000	188,000	-	188,000	-	-
Total	$ 20,243,400	$ 20,254,500	$ -	$ 20,243,400	$ -	$ (11,100)

The following table provides information on the assets and liabilities measured at fair value on a recurring basis as of August 31, 2016:

			Fair Value Measurement Using:			
	Fair Value	Cost / Other Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Accumulated Unrealized Gains and (Losses)
Certificates of deposit	$ 6,050,500	$ 6,054,700	$ -	$ 6,050,500	$ -	$ (4,200)
U.S. treasuries	17,125,900	17,115,200	-	17,125,900	-	10,700
Subtotal	$ 23,176,400	$ 23,169,900	$ -	$ 23,176,400	$ -	$ 6,500
Long-term investments	6,853,300	6,856,700	-	6,853,300	-	(3,400)
Total	$ 30,029,700	$ 30,026,600	$ -	$ 30,029,700	$ -	$ 3,100

NOTE 4 – WATER AND LAND ASSETS

Investment in Water and Water Systems

The Company's water and water systems consist of the following approximate costs and accumulated depreciation and depletion as of August 31:

	August 31, 2017		August 31, 2016	
	Costs	Accumulated Depreciation and Depletion	Costs	Accumulated Depreciation and Depletion
Rangeview water supply	$ 14,529,600	$ (10,600)	$ 14,444,600	$ (9,400)
Sky Ranch water rights and other costs	6,725,000	(436,300)	6,607,400	(334,500)
Fairgrounds water and water system	2,899,900	(974,800)	2,899,900	(886,800)
Rangeview water system	1,639,000	(207,000)	1,624,800	(152,800)
Water supply – other	4,058,900	(401,300)	3,703,000	(297,800)
Wild Pointe service rights	1,631,700	(213,000)	-	-
Sky Ranch pipeline	4,700,000	(39,200)		
Construction in progress	673,800	-	723,500	-
Totals	36,857,900	(2,282,200)	30,003,200	(1,681,300)
Net investments in water and water systems	$ 34,575,700		$ 28,321,900	

Depletion and Depreciation

The Company recorded $1,300, $500, and $7,000 of depletion charges during the fiscal years ended August 31, 2017, 2016 and 2015, respectively. During the fiscal years ended August 31, 2017 and 2016, this related entirely to the Rangeview Water Supply (defined below).

The Company recorded $733,000, $419,600, and $340,300 of depreciation expense in each of the fiscal years ended August 31, 2017, 2016 and 2015, respectively. These figures include depreciation for other equipment not included in the table above.

Rangeview Water Supply and Water System

The "Rangeview Water Supply" consists of 26,985 acre feet and is a combination of tributary surface water and groundwater rights along with certain storage rights associated with the Lowry Range, a 27,000-acre property owned by the Land Board located 16 miles southeast of Denver, Colorado. Approximately $14.5 million of Investments in Water and Water Systems on the Company's balance sheet as of August 31, 2017, represents the costs of assets acquired or facilities constructed to extend water service to customers located on and off the Lowry Range. The recorded costs of the Rangeview Water Supply include payments to the sellers of the Rangeview Water Supply, design and construction costs and certain direct costs related to improvements to the asset including legal and engineering fees.

The Company acquired the Rangeview Water Supply beginning in 1996 when:

(i) The Rangeview District entered into the 1996 Amended and Restated Lease Agreement with the Land Board, which owns the Lowry Range;

(ii) The Company entered into the Agreement for Sale of Export Water with the Rangeview District;

(iii) The Company entered into the 1996 Service Agreement with the Rangeview District for the provision of water service to the Rangeview District's customers on the Lowry Range; and

(iv) In 1997, the Company entered into the Wastewater Service Agreement with the Rangeview District for the provision of wastewater service to the Rangeview District's customers on the Lowry Range.

In July 2014, the Company, the Rangeview District and the Land Board entered into the 2014 Amended and Restated Lease (the "Lease"), which superseded the original 1996 lease, and the Company and the Rangeview District entered into an Amended and Restated Service Agreement. Collectively, the foregoing agreements, as amended, are referred to as the "Rangeview Water Agreements."

Pursuant to the Rangeview Water Agreements, the Company owns 11,650 acre feet of water consisting of 10,000 acre feet of groundwater and 1,650 acre feet of average yield surface water which can be exported off the Lowry Range to serve area users (referred to as "Export Water"). The 1,650 acre feet of surface rights are subject to completion of documentation by the Land Board related to the Company's exercise of its right to substitute an aggregate gross volume of 165,000 acre feet of its groundwater for 1,650 acre feet per year of adjudicated surface water and to use this surface water as Export Water. Additionally, assuming completion of the substitution of groundwater for surface water, the Company has the exclusive right to provide water and wastewater service, through 2081, to all water users on the Lowry Range and the right to develop an additional 13,685 acre feet of groundwater and 1,650 acre feet of adjudicated surface water to serve customers either on or off the Lowry Range. The Rangeview Water Agreements also provide for the Company to use surface reservoir storage capacity in providing water service to customers both on and off the Lowry Range.

Services on the Lowry Range **–** Pursuant to the Rangeview Water Agreements, the Company designs, finances, constructs, operates and maintains the Rangeview District's water and wastewater systems to provide service to the Rangeview District's customers on the Lowry Range. The Company will operate both the water and the wastewater systems during the contract period, and the Rangeview District owns both systems. After 2081, ownership of the water system will revert to the Land Board, with the Rangeview District retaining ownership of the wastewater system.

Rates and charges for all water and wastewater services on the Lowry Range, including tap fees and usage or monthly fees, are governed by the terms of the Rangeview Water Agreements. Rates and charges are required to be less than the average of similar rates and charges of three surrounding municipal water and wastewater service providers, which are reassessed annually. Pursuant to the Rangeview Water Agreements the Land Board receives a royalty of 10% or 12% of gross revenues from the sale or disposition of the water depending on the nature and location of the purchaser of the water, except that the royalty on tap fees shall be 2% (other than taps sold for Sky Ranch which are exempt). The Company also is required to pay the Land Board a minimum annual water production fee, which will offset future royalty obligations. The Company and the Land Board are working cooperatively to clarify the calculation of the minimum annual production fee. Pursuant to the Company's determination, the Company has made payments of $45,600 for each of the past two years. The Company does not anticipate any modification to the minimum fee to be material. The Rangeview District retains 2% of the remaining gross revenues and the Company receives 98% of the remaining gross revenues after the Land Board royalty. The Land Board does not receive a royalty on wastewater fees. The Company receives 100% of the Rangeview District's wastewater tap fees and 90% of the Rangeview District's wastewater usage fees (the Rangeview District retains the other 10%).

Export Water **–** The Company owns the Export Water and intends to use it to provide wholesale water and wastewater services to customers off the Lowry Range, including customers of the Rangeview District and other governmental entities and industrial and commercial customers. The Company will own all wholesale facilities required to extend water and wastewater services using its Export Water. The Company anticipates contracting with third parties for the construction of these facilities. If the Company sells Export Water, the Company is required to pay royalties to the Land Board ranging from 10% to 12% of gross revenues, except that the royalty on tap fees shall be 2% (other than taps sold for Sky Ranch which are exempt).

Water Supply - Other **–** The WISE Partnership Agreement (as defined below) provides for the purchase of certain infrastructure (i.e., pipelines, water storage facilities, water treatment facilities, and other appurtenant facilities) to deliver water to and among the 10 members of the SMWA, Denver Water and Aurora Water. Certain infrastructure has been constructed and other infrastructure will be constructed over the next several years. During fiscal 2017, the Company invested approximately $350,000 in infrastructure.

The Arapahoe County Fairgrounds Water and Water System

The Company owns 321 acre feet of groundwater purchased pursuant to its agreement with Arapahoe County. The Company plans to use this water in conjunction with its Rangeview Water Supply in providing water to areas outside the Lowry Range. The $2.9 million of capitalized costs includes the costs to construct various Wholesale and Special Facilities, including a new deep water well, a 500,000-gallon water tank and pipelines to transport water to the Arapahoe County fairgrounds.

Service to Customers Not on the Lowry Range

Sky Ranch **-** In 2010, the Company purchased approximately 931 acres of undeveloped land known as Sky Ranch. The property includes the rights to approximately 830 acre feet of water. The Company plans to use this water in conjunction with its Rangeview Water Supply to provide water service to the Rangeview District's customers at Sky Ranch. The $11.4 million of capitalized costs includes the costs to acquire the water rights and to construct various facilities, including an eight-mile pipeline, to extend service to customers at Sky Ranch.

Total consideration for the land and water included the $7.0 million purchase price, plus direct costs and fees of $554,100. The Company allocated the total acquisition cost to the land and water rights based on estimates of each asset's respective fair value.

In June 2017, the Company completed and placed into service its Sky Ranch pipeline, connecting its Sky Ranch water system to Rangeview's water system for approximately $4.7 million.

Wild Pointe **-** On December 15, 2016, the Rangeview District, acting by and through its Water Activity enterprise, and Elbert & Highway 86 Commercial Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado, acting by and through its Water Enterprise (the "Elbert 86 District"), entered into a Water Service Agreement (the "Wild Pointe Service Agreement"). Subject to the conditions set forth in the Wild Pointe Service Agreement and the terms of the Company's engagement by Rangeview as Rangeview's exclusive service provider, the Company acquired, among other things, the exclusive right to provide water services to residential and commercial customers in the Wild Pointe development, located in unincorporated Elbert County, Colorado, in exchange for $1,600,000 in cash. Pursuant to the terms of the Wild Pointe Service Agreement, the Company, in its capacity as Rangeview's service provider, is responsible for providing water services to all users of water services within the boundaries and service area of the Elbert 86 District and for operating and maintaining the Elbert 86 District's water system. In exchange, the Company receives 100% of system development (or tap) fees from new customers and 98% of all other fees and charges, including monthly water service revenues, remitted to the Rangeview District by the Elbert 86 District pursuant to the Wild Pointe Service Agreement. The Elbert 86 District's water system currently provides water service to approximately 130 existing SFE water connections in Wild Pointe.

O&G Leases

In 2011, the Company entered into the O&G Lease and the Surface Use Agreement with Anadarko. Pursuant to the O&G Lease, the Company received an up-front payment of $1,243,400 from Anadarko for the purpose of exploring for, developing, producing and marketing oil and gas on 634 acres of mineral estate owned by the Company at its Sky Ranch property. The Company also received $9,000 in surface use and damage payments. In December 2012, the O&G Lease was purchased by a wholly-owned subsidiary of ConocoPhillips Company. The Company received an additional payment of $1,243,400 during February 2014 to extend the O&G Lease an additional two years through February 2016. The O&G Lease is now held by production, entitling the Company to royalties based on production.

In September 2017, subsequent to fiscal year end, the Company entered into a three-year Paid-Up Oil and Gas Lease with Bison Oil and Gas, LLP, for the purpose of exploring for, developing, producing and marketing oil and gas on 40 acres of mineral estate owned by the Company adjacent to the Lowry Range.

Land and Mineral Interests

As part of the 2010 Sky Ranch acquisition the Company acquired 931 acres of land which is valued at approximately $4.8 million. Additionally, in fiscal 2015, as part of the settlement with HP A&M, the Company was assigned 75% mineral interests in the Arkansas River land. Together with the 25% mineral interests the Company owned prior to the settlement, the Company now holds approximately 13,900 acres of mineral interests. The Company has valued its mineral interests at approximately $1,425,500.

NOTE 5 – PARTICIPATING INTERESTS IN EXPORT WATER

The Company acquired its Rangeview Water Supply through various amended agreements entered into in the early 1990s. The acquisition was consummated with the signing of the CAA in 1996. Upon entering into the CAA, the Company recorded an initial liability of $11.1 million, which represented the cash the Company received from the participating interest holders that was used to purchase the Company's Export Water (described in greater detail in Note 4 – *Water and Land Assets*). The Company agreed to remit a total of $31.8 million of proceeds received from the sale of Export Water to the participating interest holders in return for their initial $11.1 million investment. The obligation for the $11.1 million was recorded as debt, and the remaining $20.7 million contingent liability was not reflected on the Company's balance sheet because the obligation to pay this is contingent on the sale of Export Water, the amounts and timing of which are not reasonably determinable.

The CAA obligation is non-interest bearing, and if the Export Water is not sold, the parties to the CAA have no recourse against the Company. If the Company does not sell the Export Water, the holders of the Series B Preferred Stock are also not entitled to payment of any dividend and have no contractual recourse against the Company.

As the proceeds from the sale of Export Water are received and the amounts are remitted to the external CAA holders, the Company allocates a ratable percentage of this payment to the principal portion (the Participating Interests in Export Water Supply liability account), with the balance of the payment being charged to the contingent obligation portion. Because the original recorded liability, which was $11.1 million, was 35% of the original total liability of $31.8 million, approximately 35% of each payment remitted to the CAA holders is allocated to the recorded liability account. The remaining portion of each payment, or approximately 65%, is allocated to the contingent obligation, which is recorded on a net revenue basis.

From time to time, the Company repurchased various portions of the CAA obligations, which retained their original priority. The Company did not make any CAA acquisitions during the fiscal years ended August 31, 2017 or 2016. In July 2014, the Land Board relinquished its approximately $2.4 million of CAA interests to the Company as part of a settlement of the 2011 lawsuit filed by the Company and the Rangeview District against the Land Board.

As a result of the acquisitions and the relinquishment by the Land Board, the Company is currently allocated approximately 88% of the total proceeds from the sale of Export Water after payment of the Land Board royalty. Additionally, as a result of the acquisitions, the relinquishment by the Land Board, and the consideration from the cumulative sales of Export Water, as detailed in the table below, the remaining potential third-party obligation at August 31, 2017, is approximately $1 million:

	Export Water Proceeds Received	Initial Export Water Proceeds to Pure Cycle	Total Potential Third-party Obligation	Participating Interests Liability	Contingency
Original balances	$ -	$ 218,500	$ 31,807,700	$ 11,090,600	$ 20,717,100
Activity from inception until August 31, 2014:					
Acquisitions	-	28,042,500	(28,042,500)	(9,790,000)	(18,252,500)
Relinquishment	-	2,386,400	(2,386,400)	(832,100)	(1,554,300)
Option payments - Sky Ranch and The Hills at Sky Ranch	110,400	(42,300)	(68,100)	(23,800)	(44,300)
Arapahoe County tap fees (1)	533,000	(373,100)	(159,900)	(55,800)	(104,100)
Export Water sale payments	410,500	(305,900)	(104,600)	(36,300)	(68,300)
Balance at August 31, 2015	1,053,900	29,926,100	1,046,200	352,600	693,600
Fiscal 2016 activity:	207,900	(183,200)	(24,700)	(8,600)	(16,100)
Balance at August 31, 2016	1,261,800	29,742,900	1,021,500	344,000	677,500
Fiscal 2017 activity:					
Export Water sale payments	58,100	(51,200)	(6,900)	(2,400)	(4,500)
Balance at August 31, 2017	$ 1,319,900	$ 29,691,700	$ 1,014,600	$ 341,600	$ 673,000

(1) The Arapahoe County tap fees are less $34,522 in royalties paid to the Land Board.

The CAA includes contractually established priorities which call for payments to CAA holders in order of their priority. This means the first payees receive their full payment before the next priority level receives any payment and so on until full repayment. Of the next approximately $6.7 million of Export Water payouts, which at current levels would occur over several years, the Company will receive approximately $5.9 million of revenue. Thereafter, the Company will be entitled to all but approximately $650,000 of the proceeds from the sale of Export Water after deduction of the Land Board royalty.

NOTE 6 – ACCRUED LIABILITIES

At August 31, 2017, the Company had accrued liabilities of $381,000, of which $265,000 was for accrued compensation, $27,000 was for estimated property taxes, $48,500 was for professional fees and the remaining $40,500 was related to operating payables.

At August 31, 2016, the Company had accrued liabilities of $242,600, of which $160,000 was for accrued compensation, $5,700 was for estimated property taxes, $48,000 was for professional fees and the remaining $28,900 was related to operating payables.

NOTE 7 – LONG-TERM OBLIGATIONS AND OPERATING LEASE

As of August 31, 2017 and 2016, the Company had no debt.

The Participating Interests in Export Water Supply are obligations of the Company that have no scheduled maturity dates. Therefore, these liabilities are not disclosed in tabular format. However, the Participating Interests in Export Water Supply are described in Note 5 – *Participating Interests in Export Water.*

WISE Partnership

During December 2014, the Company, through the Rangeview District, consented to the waiver of all contingencies set forth in the Amended and Restated WISE Partnership – Water Delivery Agreement, dated December 31, 2013 (the "WISE Partnership Agreement"), among the City and County of Denver acting through its Board of Water Commissioners ("Denver Water"), the City of Aurora acting by and through its Utility Enterprise ("Aurora Water"), and the South Metro WISE Authority ("SMWA"). The SMWA was formed by the Rangeview District and nine other governmental or quasi-governmental water providers pursuant to the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement, dated December 31, 2013 (the "SM IGA"), to enable the members of SMWA to participate in the regional water supply project known as the Water Infrastructure Supply Efficiency partnership ("WISE") created by the WISE Partnership Agreement. The SM IGA specifies each member's pro rata share of WISE and the members' rights and obligations with respect to WISE. The WISE Partnership Agreement provides for the purchase of certain infrastructure (i.e., pipelines, water storage facilities, water treatment facilities, and other appurtenant facilities) to deliver water to and among the 10 members of the SMWA, Denver Water and Aurora Water. Certain infrastructure has been constructed and other infrastructure will be constructed over the next several years. During fiscal 2017, the Company invested approximately $350,000 in infrastructure.

By consenting to the waiver of the contingencies set forth in the WISE Partnership Agreement, pursuant to the terms of the Rangeview/Pure Cycle WISE Project Financing and Service Agreement (the "WISE Financing Agreement") between the Company and the Rangeview District, the Company has an agreement to fund the Rangeview District's participation in WISE effective as of December 22, 2014. The Company's cost of funding the Rangeview District's purchase of its share of existing infrastructure and future infrastructure for WISE and funding operations and water deliveries related to WISE is projected to be approximately $5.2 million over the next five years. See further discussion in Note 14 – *Related Party Transactions.*

Operating Lease

Effective January 2016, the Company entered into an operating lease for approximately 2,500 square feet of office and warehouse space. The lease has a two-year term with payments of $3,000 per month.

NOTE 8 – SHAREHOLDERS' EQUITY

Preferred Stock

The Company's non-voting Series B Preferred Stock has a preference in liquidation of $1.00 per share less any dividends previously paid. Additionally, the Series B Preferred Stock is redeemable at the discretion of the Company for $1.00 per share less any dividends previously paid. In the event that the Company's proceeds from sale or disposition of Export Water rights exceed $36,026,232, the Series B Preferred Stock holders will receive the next $432,513 of proceeds in the form of a dividend.

Equity Compensation Plan

The Company maintains the 2014 Equity Incentive Plan (the "2014 Equity Plan"), which was approved by shareholders in January 2014 and became effective April 12, 2014. Executives, eligible employees, consultants and non-employee directors are eligible to receive options and stock grants pursuant to the 2014 Equity Plan. Pursuant to the 2014 Equity Plan, options to purchase shares of stock and restricted stock awards can be granted with exercise prices, vesting conditions and other performance criteria determined by the Compensation Committee of the Board. The Company has reserved 1.6 million shares of common stock for issuance under the 2014 Equity Plan. Awards to purchase 62,000 shares of the Company's common stock have been made under the 2014 Equity Plan. Prior to the effective date of the 2014 Equity Plan, the Company granted stock awards to eligible participants under its 2004 Incentive Plan (the "2004 Incentive Plan"), which expired April 11, 2014. No additional awards may be granted pursuant to the 2004 Incentive Plan; however, awards outstanding as of April 11, 2014, will continue to vest and expire and may be exercised in accordance with the terms of the 2004 Incentive Plan.

The Company estimates the fair value of share-based payment awards on the date of grant using the Black-Scholes option-pricing model ("Black-Scholes model"). Using the Black-Scholes model, the value of the portion of the award that is ultimately expected to vest is recognized as a period expense over the requisite service period in the statement of comprehensive loss. Option forfeitures are to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company does not expect any forfeiture of its option grants and therefore the compensation expense has not been reduced for estimated forfeitures. During fiscal year 2017, 15,000 options expired. During fiscal year 2016, 10,000 options expired. The Company attributes the value of share-based compensation to expense using the straight-line single option method for all options granted.

The Company's determination of the estimated fair value of share-based payment awards on the date of grant is affected by the following variables and assumptions:

- The grant date exercise price – is the closing market price of the Company's common stock on the date of grant;
- Estimated option lives – based on historical experience with existing option holders;

- Estimated dividend rates – based on historical and anticipated dividends over the life of the option;
- Life of the option – based on historical experience, option grants have lives of between 8 and 10 years;
- Risk-free interest rates – with maturities that approximate the expected life of the options granted;
- Calculated stock price volatility – calculated over the expected life of the options granted, which is calculated based on the weekly closing price of the Company's common stock over a period equal to the expected life of the option; and
- Option exercise behaviors – based on actual and projected employee stock option exercises and forfeitures.

In January 2017, the Company granted its non-employee directors options to purchase a combined 32,500 shares of the Company's common stock pursuant to the 2014 Equity Plan. All of the options vest one year after the date of grant, and expire 10 years after the date of grant. The Company calculated the fair value of the options granted during January 2017 at approximately $112,700, using the Black-Scholes model with the following variables: weighted average exercise price of $5.10 (which was the closing sales price of the Company's common stock on the date of grant); estimated option lives of 10 years; weighted average risk free interest rate of 2.42%; weighted average stock price volatility of 57.56%; and an estimated forfeiture rate of 0%. The $112,700 of stock-based compensation is being expensed monthly over the vesting periods.

In October 2016, the Company granted its President an option to purchase 50,000 shares of the Company's common stock pursuant to the 2014 Equity Plan. The option vests one-third one year from the date of grant, one-third two years from the date of grant, and one-third three years from the date of grant. The option expires 10 years from the date of grant. The Company calculated the fair value of this option at approximately $188,300 using the Black-Scholes model with the following variables: weighted average exercise price of $5.61 (which was the closing sales price of the Company's common stock on the date of grant); estimated option life of 10 years; estimated dividend rate of 0%; weighted average risk-free interest rate of 1.79%; weighted average stock price volatility of 57.85%; and an estimated forfeiture rate of 0%. The $188,300 of stock-based compensation as being expensed monthly over the vesting period. In September 2016, the Company granted employee options to purchase 60,000 shares of the Company's common stock pursuant to the 2014 Equity Plan. The options vest one-third one year from the date of grant, one-third two years from the date of grant, and one-third three years from the date of grant. The options expire 10 years from the date of grant. The Company calculated the fair value of these options at approximately $222,500 using the Black-Scholes model with the following variables: weighted average exercise price of $5.56 (which was the closing sales price of the Company's common stock on the date of grant); estimated option life of 10 years; estimated dividend rate of 0%; weighted average risk-free interest rate of 1.560%; weighted average stock price volatility of 57.81%; and an estimated forfeiture rate of 0%. The $222,500 of stock-based compensation as being expensed monthly over the vesting period.

In January 2016, the Company granted its non-employee directors options to purchase a combined 36,000 shares of the Company's common stock pursuant to the 2014 Equity Plan. Options for 26,000 shares vest one year after the date of grant and options for 10,000 shares vest one half one year after the date of grant and one half two years after the date of grant. All of the options expire 10 years after the date of grant. The Company calculated the fair value of the options granted during January 2016 at approximately $104,100, using the Black-Scholes model with the following variables: weighted average exercise price of $4.26 (which was the closing sales price of the Company's common stock on the date of grant); estimated option lives of 10 years; weighted average risk free interest rate of 2.06%; weighted average stock price volatility of 58.26%; and an estimated forfeiture rate of 0%. The $104,100 of stock-based compensation is being expensed monthly over the vesting periods.

In January 2015, the Company granted its non-employee directors options to purchase a combined 26,000 shares of the Company's common stock pursuant to the 2014 Equity Plan. The options vest one year after the date of grant and expire 10 years after the date of grant. The Company calculated the fair value of the options granted during January 2015 at approximately $72,000, using the Black-Scholes model with the following variables: weighted average exercise price of $4.17 (which was the closing sales price of the Company's common stock on the date of grant); estimated option lives of 10 years; weighted average risk free interest rate of 1.77%; weighted average stock price volatility of 57.45%; and an estimated forfeiture rate of 0%. The $72,000 of stock-based compensation is being expensed monthly over the vesting periods.

During the fiscal year ended August 31, 2015, 16,500 options were exercised. No options were exercised during the fiscal year ended August 31, 2017 or 2016.

The following table summarizes the stock option activity for the combined 2004 Incentive Plan and 2014 Equity Plan for the fiscal year ended August 31, 2017:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Approximate Aggregate Intrinsic Value
Outstanding at August 31, 2016	338,000	$ 4.77		
Granted	142,500	$ 5.47		
Exercised	-	$ -		
Forfeited or expired	(15,000)	$ 7.88		
Outstanding at August 31, 2017	465,500	$ 4.88	6.30	$ 1,007,740
Options exercisable at August 31, 2017	318,000	$ 4.63	4.98	$ 1,358,140

The following table summarizes the activity and value of non-vested options as of and for the fiscal year ended August 31, 2017:

	Number of Options	Weighted-Average Grant Date Fair Value
Non-vested options outstanding at August 31, 2016	36,000	$ 2.89
Granted	142,500	3.67
Vested	(31,000)	2.92
Forfeited	-	-
Non-vested options outstanding at August 31, 2017	147,500	$ 3.64

All non-vested options are expected to vest. The total fair value of options vested during the fiscal years ended August 31, 2017, 2016 and 2015 was $90,500 $216,900, and $280,700, respectively. The weighted average grant date fair value of options granted during the fiscal years ended August 31, 2017, 2016 and 2015 was $3.67, $2.89, and $2.78, respectively.

Share-based compensation expense for the fiscal years ended August 31, 2017, 2016 and 2015, was $233,200, $219,900, and $240,000, respectively.

At August 31, 2017, the Company had unrecognized expenses relating to non-vested options that are expected to vest totaling $335,800. The weighted-average period over which these options are expected to vest is less than three years. The Company has not recorded any excess tax benefits to additional paid in capital.

Warrants

As of August 31, 2017, the Company had outstanding warrants to purchase 92 shares of common stock at an exercise price of $1.80 per share. These warrants expire six months from the earlier of:

(i) The date all of the Export Water is sold or otherwise disposed of,

(ii) The date the CAA is terminated with respect to the original holder of the warrant, or

(iii) The date on which the Company makes the final payment pursuant to Section 2.1(r) of the CAA.

No warrants were exercised during fiscal 2017, 2016 or 2015.

NOTE 9 – SIGNIFICANT CUSTOMERS

Pursuant to the Rangeview Water Agreements and an Export Service Agreement entered into with the Rangeview District dated June 16, 2017, the Company provides water and wastewater services on the Rangeview District's behalf to the Rangeview District's customers. Sales to the Rangeview District accounted for 25%, 67% and 19% of the Company's total water and wastewater revenues for the fiscal years ended August 31, 2017, 2016 and 2015, respectively. The Rangeview District had one significant customer, the Ridgeview Youth Services Center. The Rangeview District's significant customer accounted for 21%, 55%, and 16% of the Company's total water and wastewater revenues for the fiscal years ended August 31, 2017, 2016 and 2015, respectively.

Revenues from two other customers directly and indirectly represented approximately 55%, 1%, and 75% of the Company's water and wastewater revenues for the fiscal years ended August 31, 2017, 2016 and 2015, respectively. Of the two customers, one customer represented 25%, nil, and nil of the Company's water and wastewater revenues for the fiscal years ended August 31, 2017, 2016, and 2015, respectively, and the other customer represented 30%, 1%, and 75% of the Company's water and wastewater revenues for the fiscal years ended August 31, 2017, 2016, and 2015, respectively.

The Company had accounts receivable from the Rangeview District which accounted for 50% and 74% of the Company's trade receivables balances at August 31, 2017 and 2016, respectively. Of the trade receivables from the Rangeview District, approximately 50% is related to water tap sales and 50% is related to water and wastewater service sales. The Company had accounts receivable from one other customer of approximately 46% and 16% at August 31, 2017 and 2016, respectively. Accounts receivable from the Rangeview District's largest customer accounted for 19% and 63% of the Company's water and wastewater trade receivables as of August 31, 2017 and 2016, respectively.

NOTE 10 – INCOME TAXES

Deferred income taxes reflect the tax effects of net operating loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets as of August 31 are as follows:

	For the Fiscal Years Ended August 31,	
	2017	2016
Deferred tax assets:		
Net operating loss carryforwards	$ 2,893,600	$ 2,393,200
Deferred revenue	316,400	344,300
Depreciation and depletion	289,200	247,400
Other	88,000	65,600
Valuation allowance	(3,587,200)	(3,050,500)
Net deferred tax asset	$ -	$ -

The Company has recorded a valuation allowance against the deferred tax assets as it is more likely than not that all or some portion of specific deferred tax assets will not be realized, primarily due to the fact that the Company has generated a cumulative net loss position over the past three fiscal years.

Income taxes computed using the federal statutory income tax rate differs from our effective tax rate primarily due to the following for the fiscal years ended August 31:

	For the Fiscal Years Ended August 31,		
	2017	2016	2015
Expected benefit from federal taxes at statutory rate of 34%	$ (571,500)	$ (420,300)	$ (195,500)
State taxes, net of federal benefit	(55,500)	(40,700)	(19,000)
Permanent and other differences	90,300	84,500	91,900
Change in valuation allowance	536,700	376,500	122,600
Total income tax expense / (benefit)	$ -	$ -	$ -

At August 31, 2017, the Company has $7.9 million of net operating loss carryforwards available for income tax purposes, which expire between fiscal 2032 and 2037.

No net operating loss carryforwards expired during the fiscal years ended August 31, 2017, 2016 or 2015.

NOTE 11 – 401(k) PLAN

The Company maintains a Pure Cycle Corporation 401(k) Profit Sharing Plan (the "Plan"), a defined contribution retirement plan for the benefit of its employees. The Plan is currently a salary deferral only plan, and at this time the Company does not match employee contributions. The Company pays the annual administrative fees of the Plan, and the Plan participants pay the investment fees. The Plan is open to all employees, age 21 or older, who have been employees of the Company for at least six months. During the fiscal years ended August 31, 2017, 2016 and 2015, the Company paid fees of $ 4,200, $5,000 and $3,800, respectively, for the administration of the Plan.

NOTE 12 – LITIGATION LOSS CONTINGENCIES

The Company has historically been involved in various claims, litigation and other legal proceedings that arise in the ordinary course of its business. The Company records an accrual for a loss contingency when its occurrence is probable and damages can be reasonably estimated based on the anticipated most likely outcome or the minimum amount within a range of possible outcomes. The Company makes such estimates based on information known about the claims and experience in contesting, litigating and settling similar claims. Disclosures are also provided for reasonably possible losses that could have a material effect on the Company's financial position, results of operations or cash flows.

NOTE 13 – SEGMENT REPORTING

Prior to the sale of the Company's agricultural assets and the residual operations through December 31, 2015, the Company operated primarily in two lines of business: (i) the wholesale water and wastewater business and (ii) the agricultural farming business. The Company has discontinued its agricultural farming operations. Currently the Company operates its wholesale water and wastewater services segment as its only line of business. The wholesale water and wastewater services business includes selling water service to customers, which is then provided by the Company using water rights owned or controlled by the Company and developing infrastructure to divert, treat and distribute that water and collect, treat and reuse wastewater. As part of the Company's Sky Ranch development, the company is entering into contracts for the sale of lots, see Note 16 - *Subsequent Event* for further discussion. The Company anticipates that the real estate sales will be a separate segment in fiscal 2018. As of and for the year ended August 31, 2017, there were no real estate revenues, or profit, and carrying cost of the real estate is less than 10% of the Company's total assets. Oil and gas royalties and licenses, are a passive activity, and not an operating business activity, and therefore, are not classified as a segment.

NOTE 14 – RELATED PARTY TRANSACTIONS

On December 16, 2009, the Company entered into a Participation Agreement with the Rangeview District, whereby the Company agreed to provide funding to the Rangeview District in connection with the Rangeview District joining the South Metro Water Supply Authority ("SMWSA"). The Company provided funding of $198,200, $113,600 and $78,600 for the fiscal years ended August 31, 2017, 2016, and 2015, respectively.

Through the WISE Financing Agreement, to date the Company has made payments totaling $3,114,100 to purchase certain rights to use existing water transmission and related infrastructure acquired by the WISE project and to construct the connection to the WISE system. The amounts are included in Investments in Water and Water Systems on the Company's balance sheet as of August 31, 2017. The Company anticipates spending the following over the next five fiscal years to fund the Rangeview District's purchase of its share of the water transmission line and additional facilities, water and related assets for WISE and to fund operations and water deliveries related to WISE:

Estimated WISE Costs

	For the Fiscal Years Ended August 31,				
	2018	2019	2020	2021	2022
Operations	$ 51,800	$ 51,800	$ 51,800	$ 51,800	$ 51,800
Water Delivery	232,000	348,000	493,000	738,000	897,000
Capital	338,100	1,555,400	74,200	-	-
Other	23,600	86,600	23,600	68,300	83,200
	$ 645,500	$ 2,041,800	$ 642,600	$ 858,100	$ 1,032,000

The Company has outstanding loans of $991,900 to the Rangeview District and Sky Ranch Districts (defined below), which are related parties, as discussed below:

The Rangeview District is a quasi-municipal corporation and political subdivision of Colorado formed in 1986 for the purpose of providing water and wastewater service to the Lowry Range and other approved areas. The Rangeview District is governed by an elected board of directors. Eligible voters and persons eligible to serve as a director of Rangeview must own an interest in property within the boundaries of Rangeview. The Company owns certain rights and real property interests which encompass the current boundaries of Rangeview. Sky Ranch District Nos. 1, 3, 4 and 5 are quasi-municipal corporations and political subdivisions of Colorado formed for the purpose of providing service to the Company's Sky Ranch property (the "Sky Ranch Districts"). The current directors of the Rangeview District and Sky Ranch Districts consist of three employees of the Company and two independent board members.

The Rangeview District

In 1995, the Company extended a loan to the Rangeview District. The loan provided for borrowings of up to $250,000, is unsecured, and bears interest based on the prevailing prime rate plus 2% (6.25% at August 31, 2017). The maturity date of the loan is December 31, 2020. Beginning in January 2014, the Rangeview District and the Company entered into a funding agreement that allows the Company to continue to provide funding to the Rangeview District for day-to-day operations and accrue the funding into a note that bears interest at a rate of 8% per annum and remains in full force and effect for so long as the Lease remains in effect. The $776,400 balance of the notes receivable at August 31, 2017, includes borrowings of $393,400 and accrued interest of $383,000. The $628,500 balance of the notes receivable at August 31, 2016, includes borrowings of $260,200 and accrued interest of $368,300.

Sky Ranch Metropolitan District Nos. 1, 3, 4 and 5

The Company has been providing funding to the Sky Ranch Districts. Each year, beginning in 2012, the Company has entered into an Operation Funding Agreement with one of the Sky Ranch Districts obligating the Company to advance funding to the Sky Ranch District for the operation and maintenance expenses for the then current calendar year. All payments are subject to annual appropriations by the Sky Ranch District in its absolute discretion. The advances by the Company accrue interest at a rate of 8% per annum from the date of the advance.

In November 2014, but effective as of January 1, 2014, the Company entered into a Facilities Funding and Acquisition Agreement with a Sky Ranch District obligating the Company to either finance district improvements or to construct improvements on behalf of the Sky Ranch District subject to reimbursement. Improvements subject to this agreement are determined pursuant to a mutually agreed upon budget. Each year in September, the parties are to mutually determine the improvements required for the following year and finalize a budget by the end of October. Each advance or reimbursable expense accrues interest at a rate of 8% per annum. No payments are required by the Sky Ranch Districts unless and until the Sky Ranch Districts issue bonds in an amount sufficient to reimburse the Company for all or a portion of the advances and costs incurred.

The $215,500 balance of the receivable at August 31, 2017, includes advances of $195,000 and accrued interest of $20,500. Upon the Sky Ranch District's ratification of payment, the amount was reclassified to short-term and was recorded as part of Notes receivable – related parties. Subsequent to fiscal year end, the Sky Ranch District paid the outstanding note receivable to the Company.

Nelson Pipeline Constructors LLC

On October 12, 2016, the Audit Committee of the Company's board of directors approved accepting a bid submitted by Nelson Pipeline Constructors LLC to construct a pipeline connecting its Sky Ranch water system to Rangeview's water system for approximately $4.2 million (the "Nelson Bid"). Nelson Pipeline Constructors LLC is a wholly owned subsidiary of Nelson Infrastructure Services LLC, a company in which Patrick J. Beirne owns a 50% interest. In addition, Mr. Beirne, a director of Pure Cycle, is Chairman and Chief Executive Officer of each of Nelson Pipeline Constructors LLC and Nelson Infrastructure Services LLC. Since Mr. Nelson is the 50% owner of the parent company of Nelson Pipeline Constructors LLC, Mr. Nelson's interest in the transaction is approximately $2.1 million without taking into account any profit or loss from the Nelson Bid. Pursuant to the Company's policies for review and approval of related party transactions, the Nelson Bid was reviewed and approved by the Audit Committee and by the board of directors, with Mr. Beirne abstaining.

NOTE 15 – UNAUDITED QUARTERLY FINANCIAL DATA

Quarterly results of operations

	2017				2016			
	Three months ended				Three months ended			
	30 Nov	28 Feb	31 May	31 Aug	30 Nov	29 Feb	31 May	31 Aug
	(In thousands, except per share data)							
Total revenues	$ 199	$ 237	$ 134	$ 658	$ 126	$ 76	$ 101	$ 149
Gross margin	54	68	(33)	336	(7)	(44)	(34)	8
Operating loss	(464)	(455)	(631)	(581)	(472)	(557)	(533)	(618)
Discontinued operations	(19)	(3)	(11)	1	(3)	(29)	(61)	13
Net loss	$ (338)	$ (317)	$ (554)	$ (501)	$ (97)	$ (271)	$ (422)	$ (521)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)	*	$ (0.01)	$ (0.02)	$ (0.03)
* Amount is less than $.01 per share								

The following item had a significant impact on the Company's net income (loss):

- In fiscal 2017, the Company sold approximately $478,500 ($80,300, $141,500 and $256,700 in 2017 fiscal Q1, Q2 and Q4, respectively) in water related to oil and gas activities as compared to nil in fiscal 2016.

NOTE 16 – SUBSEQUENT EVENT

In June 2017, The Company entered into purchase and sale agreements (collectively, the "Purchase and Sale Contracts") with three separate home builders pursuant to which the Company agreed to sell, and each builder agreed to purchase, a certain number (totaling 506) of single-family, detached residential lots at the Sky Ranch property. Each builder is required to purchase water and sewer taps for the lots from the Rangeview District.

The closing of the transactions contemplated by each Purchase and Sale Contract is subject to customary closing conditions, including, among others, the builder's completion to its satisfaction of a title review and other due diligence of the property, the accuracy of the representations and warranties made by the Company in the Purchase and Sale Contract, and a commitment by the title company to issue to the builder a title policy, subject to certain conditions. Each builder had a 60-day due diligence period during which it had the right to terminate the Purchase and Sale Contract and receive a full refund of its earnest money deposit. The initial due diligence period was extended. Subsequent to year end, on November 10, 2017, each builder completed its due diligence period and agreed to continue with its respective Purchase and Sale Contract.

The Company is obligated, pursuant to the Purchase and Sale Contracts, or separate Lot Development Agreements (the "Lot Development Agreements" and, together with the Purchase and Sale Contracts, the "Builder Contracts"), to construct infrastructure and other improvements, such as roads, curbs and gutters, park amenities, sidewalks, street and traffic signs, water and sanitary sewer mains and stubs, storm water management facilities, and lot grading improvements for delivery of finished lots to each builder. Pursuant to the Builder Contracts, the Company must cause the Rangeview District to install and construct off-site infrastructure improvements (*i.e.*, drainage and storm water retention ponds, a wastewater reclamation facility, and wholesale water facilities) for the provision of water and wastewater service to the property. In conjunction with approvals with Arapahoe County for the Sky Ranch project, The Company and/or the Rangeview District and the Sky Ranch Districts are obligated to deposit into an account the anticipated costs to install and construct substantially all the off-site infrastructure improvements (which include drainage, wholesale water and wastewater, and entry roadway), which is estimated to be approximately $10.2 million.

The Company estimates that the development of the finished lots for the first phase (506 lots) of Sky Ranch will require an estimated total capital of approximately $27.8 million and estimates lot sales to home builders will generate approximately $35 million providing a projected margin on lots of approximately $7.2 million. The cost of developing lots together with the sale of finished lots are expected to occur over several quarters and the timing of cash flows will include certain milestone deliveries, including but not limited to completion of governmental approvals, installation of improvements, and completion of lot deliveries. Utility revenues are derived from tap fees (which vary depending on lot size, house size, and amount of irrigated turf) and usage fees (which are monthly water and wastewater fees). The current Sky Ranch water tap fees are $26,650 (per SFE), and wastewater taps fees are $4,659 (per SFE).

Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

As discussed in our Current Report on Form 8-K filed on January 17, 2017, GHP Horwath, P.C. ("GHP") resigned as our independent registered public accounting firm. GHP resigned because the partners and employees of GHP joined Crowe Horwath LLP ("Crowe"). On January 16, 2017, the Audit Committee of our board of directors engaged Crowe to serve as the independent registered public accounting firm for the Company effective as of that date.

During the fiscal years ended August 31, 2015 and 2016 and through January 13, 2017, we did not have any disagreements with GHP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to GHP's satisfaction, would have caused GHP to make reference thereto in its reports on our financial statements for the relevant periods. During the fiscal years ended August 31, 2015 and 2016 and through January 13, 2017, there were no reportable events, as defined in Item 304(a)(1)(v) of Regulation S-K.

Item 9A – Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that information is accumulated and communicated to management, including the principal executive and financial officer as appropriate, to allow timely decisions regarding required disclosures. The President and Chief Financial Officer (one person) evaluated the effectiveness of disclosure controls and procedures as of August 31, 2017, pursuant to Rule 13a-15(b) under the Exchange Act. Based on that evaluation, the President and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective. A system of controls, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. The Exchange Act defines internal control over financial reporting as a process designed by, or under the supervision of, our executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of August 31, 2017. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework ("2013 COSO Framework"). Based on our assessment, we determined that, as of August 31, 2017, our internal control over financial reporting was effective based on those criteria.

(c) Report of the Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of August 31, 2017, has been audited by Crowe Horwath LLP, an independent registered public accounting firm, as stated in its attestation report which is included in Item 8 – *Consolidated Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

(d) Changes in Internal Controls

No changes were made to our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B – Other Information

Effective as of June 16, 2017, we entered into the Export Service Agreement (defined herein as the "Off-Lowry Service Agreement") with the Rangeview District. This agreement confirms the prior understanding of the parties that we are the Rangeview District's exclusive provider of water and wastewater services for customers located outside of its Lowry Range service area. Pursuant to the Off-Lowry Service Agreement, we design, construct, operate and maintain the Rangeview District's water and wastewater systems and the systems of other communities that have service contracts with the Rangeview District to provide wholesale water and wastewater services to the Rangeview District's customers that are not on the Lowry Range (currently, Wild Pointe Ranch and Sky Ranch). In accordance with the terms of the Off-Lowry Service Agreement, the Rangeview District will pay us 100% of water tap fees and 98% of water usage fees received by the Rangeview District for such services after deducting any royalties to the Land Board, if applicable. In addition, the Rangeview District will pay us 100% of wastewater tap fees and 90% of monthly service and usage fees for wastewater services received by the Rangeview District from customers off the Lowry Range.

We are obligated to provide such services in a commercially reasonable manner consistent with prudent water and wastewater provider practices in Colorado, as applicable, to meet the demands of the Rangeview District's customers. The Off-Lowry Service Agreement remains in effect until all service obligations of Rangeview to customers located outside of the Lowry Range expire or are otherwise terminated.

PART III

Item 10 – Directors, Executive Officers and Corporate Governance

Our board of directors has adopted a Code of Business Conduct and Ethics applicable to all of our directors, officers and employees, which is available on our website at www.purecyclewater.com. We intend to disclose any amendments to or waivers from the provisions of our Code of Business Conduct and Ethics that are applicable to our principal executive officer, principal financial officer or principal accounting officer and that relate to any element of the SEC's definition of code of ethics by posting such information on our website, in a press release, or on a Current Report on Form 8-K.

Information required by this item will be contained in, and is incorporated herein by reference to, our definitive Proxy Statement pursuant to Regulation 14A promulgated under the Exchange Act for the Annual Meeting of Shareholders to be held in January 2018, which is expected to be filed on or about December 8, 2017 (the "Proxy Statement").

Item 11 – Executive Compensation

The information required by this item will be included in, and is incorporated herein by reference to, our Proxy Statement.

Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included in, and is incorporated herein by reference to, our Proxy Statement.

Item 13 – Certain Relationships and Related Transactions and Director Independence

The information required by this item will be included in, and is incorporated herein by reference to, our Proxy Statement.

Item 14 – Principal Accountant Fees and Services

The information required by this item will be included in, and is incorporated herein by reference to, our Proxy Statement.

PART IV

Item 15 – Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Form 10-K

(1) Financial Statements

See "Index to Consolidated Financial Statements and Supplementary Data" in *Part II, Item 8* of this Form 10-K.

(2) Financial Statement Schedules

All schedules are omitted either because they are not required or the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits

The exhibits listed on the accompanying "Exhibit Index" are filed or incorporated by reference as part of this Form 10-K, unless otherwise indicated.

Item 16 – Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PURE CYCLE CORPORATION

/s/ Mark W. Harding

Mark W. Harding, President and Chief Financial Officer
November 15, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mark W. Harding Mark W. Harding	President, Chief Financial Officer and Director (Principal Executive Officer, Principal Financial and Accounting Officer)	November 15, 2017
/s/ Harrison H. Augur Harrison H. Augur	Chairman, Director	November 15, 2017
/s/ Patrick J. Beirne Patrick J. Beirne	Director	November 15, 2017
/s/ Arthur G. Epker III Arthur G. Epker III	Director	November 15, 2017
/s/ Richard L. Guido Richard L. Guido	Director	November 15, 2017
/s/ Peter C. Howell Peter C. Howell	Director	November 15, 2017

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Incorporation of the Company. Incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A filed on December 14, 2007.
3.2	Bylaws of the Company. Incorporated by reference to Appendix C to the Proxy Statement on Schedule 14A filed on December 14, 2007.
4.1	Specimen Stock Certificate. Incorporated by reference to Exhibit 4.1 to Quarterly Report on Form 10 Q for the fiscal quarter ended February 28, 2015.
10.1	2004 Incentive Plan, effective April 12, 2004. Incorporated by reference to Exhibit F to the Proxy Statement for the Annual Meeting held on April 12, 2004. **
10.2	Wastewater Service Agreement, dated January 22, 1997, by and between the Company and the Rangeview Metropolitan District. Incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-KSB for the fiscal year ended August 31, 1998.
10.3	Comprehensive Amendment Agreement No. 1, dated April 11, 1996, by and among Inco Securities Corporation, the Company, the Bondholders, Gregory M. Morey, Newell Augur, Jr., Bill Peterson, Stuart Sundlun, Alan C. Stormo, Beverlee A. Beardslee, Bradley Kent Beardslee, Robert Douglas Beardslee, Asra Corporation, International Properties, Inc., and the Land Board. Incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.
10.4	Agreement for Sale of Export Water dated April 11, 1996 by and between the Company and the Rangeview Metropolitan District. Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-QSB for the fiscal quarter ended May 31, 1996.
10.5	Bargain and Sale Deed among the Land Board, the Rangeview Metropolitan District and the Company dated April 11, 1996. Incorporated by reference to Exhibit 10.18 to Amendment No. 1 to Registration Statement on Form SB-2, filed on June 7, 2004, Registration No. 333-114568.
10.6	Agreement for Water Service dated August 3, 2005 among the Company, Rangeview Metropolitan District and Arapahoe County incorporated by reference to Exhibit 10.24 to the Current Report on Form 8-K filed on August 4, 2005.
10.7	Amendment No. 1 to Agreement for Water Service dated August 25, 2008, between the Company and Arapahoe County. Incorporated by reference to Exhibit 10.36 to the Annual Report on Form 10-K for the fiscal year ended August 31, 2008.
10.8	Paid-Up Oil and Gas Lease dated March 14, 2011, between the Company and Anadarko E&P Company, L.P. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 15, 2011.
10.9	Surface Use and Damage Agreement dated March 14, 2011, between the Company and Anadarko E&P Company, L.P. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on March 15, 2011.
10.10	2014 Equity Incentive Plan, effective April 12, 2014. Incorporated by reference to Appendix A to the Proxy Statement for the Annual Meeting held on January 15, 2014. **

Exhibit Number	Description
10.11	2014 Amended and Restated Lease Agreement, dated July 10, 2014, by and between the Land Board, the Rangeview Metropolitan District, and the Company. Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on July 14, 2014.
10.12	2014 Amended and Restated Service Agreement, dated July 10, 2014, by and between the Company and the Rangeview Metropolitan District. Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed on July 14, 2014.
10.13	Rangeview/Pure Cycle WISE Project Financing and Service Agreement, effective as of December 22, 2014. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 30, 2014.
10.14	South Metro WISE Authority Formation and Organizational Intergovernmental Agreement, dated December 31, 2013. Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2014.
10.15	Amended and Restated WISE Partnership – Water Delivery Agreement, dated December 31, 2013, among the City and County of Denver acting through its Board of Water Commissioners, the City of Aurora acting by and through its Utility Enterprise, and South Metro WISE Authority. Incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2014.
10.16	Agreement for Purchase and Sale of Western Pipeline Capacity, dated November 19, 2014, among the Rangeview Metropolitan District and certain members of the South Metro WISE Authority. Incorporated by reference to Exhibit 10.4 to Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2014.
10.17	Water Service Agreement by and between Rangeview Metropolitan District, acting by and through its Water Activity Enterprise, and Elbert & Highway 86 Commercial Metropolitan District, acting by and through its Water Enterprise, dated as of December 15, 2016. Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 19, 2016.
10.18	Export Service Agreement, effective as of June 16, 2017, between the Company and the Rangeview Metropolitan District. *

Exhibit Number	Description
10.19	Contract for Purchase and Sale of Real Estate, dated June 27, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by First Amendment to Contract for Purchase and Sale of Real Estate, dated August 28, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Second Amendment to Contract for Purchase and Sale of Real Estate, dated August 29, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Third Amendment to Contract for Purchase and Sale of Real Estate, dated September 8, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Fourth Amendment to Contract for Purchase and Sale of Real Estate, dated September 20, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Fifth Amendment to Contract for Purchase and Sale of Real Estate, dated October 6, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Sixth Amendment to Contract for Purchase and Sale of Real Estate, dated October 11, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Seventh Amendment to Contract for Purchase and Sale of Real Estate, dated October 18, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Eighth Amendment to Contract for Purchase and Sale of Real Estate, dated October 20, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Ninth Amendment to Contract for Purchase and Sale of Real Estate, dated October 20, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc., as amended by Tenth Amendment to Contract for Purchase and Sale of Real Estate, dated November 3, 2017, by and between PCY Holdings, LLC, and Richmond American Homes of Colorado, Inc. *
10.20	Contract for Purchase and Sale of Real Estate, dated June 27, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by First Amendment to Contract for Purchase and Sale of Real Estate, dated August 24, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Second Amendment to Contract for Purchase and Sale of Real Estate, dated September 19, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Third Amendment to Contract for Purchase and Sale of Real Estate, dated October 6, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Fourth Amendment to Contract for Purchase and Sale of Real Estate, dated October 13, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Fifth Amendment to Contract for Purchase and Sale of Real Estate, dated October 18, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Sixth Amendment to Contract for Purchase and Sale of Real Estate, dated October 20, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Seventh Amendment to Contract for Purchase and Sale of Real Estate, dated October 20, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Eighth Amendment to Contract for Purchase and Sale of Real Estate, dated November 3, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc., as amended by Ninth Amendment to Contract for Purchase and Sale of Real Estate, dated November 7, 2017, by and between PCY Holdings, LLC, and Taylor Morrison of Colorado, Inc. *
10.21	Contract for Purchase and Sale of Real Estate, dated June 29, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by First Amendment to Contract for Purchase and Sale of Real Estate, dated August 28, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Second Amendment to Contract for Purchase and Sale of Real Estate, dated September 15, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Third Amendment to Contract for Purchase and Sale of Real Estate, dated September 28, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Fourth Amendment to Contract for Purchase and Sale of Real Estate, dated October 9, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Fifth Amendment to Contract for Purchase and Sale of Real Estate, dated October 18, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Sixth Amendment to Contract for Purchase and Sale of Real Estate, dated October 20, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Seventh Amendment to Contract for Purchase and Sale of Real Estate, dated October 31, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Eighth Amendment to Contract for Purchase and Sale of Real Estate, dated November 3, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc., as amended by Ninth Amendment to Contract for Purchase and Sale of Real Estate, dated November 7, 2017, by and between PCY Holdings, LLC, and KB Home Colorado Inc. *

Exhibit Number	Description
16.1	Letter of GHP Horwath, P.C., dated January 13, 2017. Incorporated by reference to Exhibit 16.1 to the Current Report on Form 8 K filed on January 17, 2017.
21.1	Subsidiaries *
23.1	Consent of Crowe Horwath LLP *
23.2	Consent of GHP Horwath, P.C. *
31.1	Certification under Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document. *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. *

_____

* Filed herewith

** Indicates management contract or compensatory plan or arrangement in which directors or executive officers are eligible to participate.

*** Furnished herewith

Exhibit 10.18

EXPORT SERVICE AGREEMENT

between

PURE CYCLE CORPORATION

and

RANGEVIEW METROPOLITAN DISTRICT,

ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE

TABLE OF CONTENTS

EXPORT SERVICE AGREEMENT

THIS EXPORT SERVICE AGREEMENT (the "Agreement") is entered into as of the 16 day of June 2017, by and between PURE CYCLE CORPORATION, a Colorado corporation ("Service Provider"), and RANGEVIEW METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, acting by and through its water activity enterprise ("Rangeview").

RECITALS

A. Rangeview is a special district organized pursuant to Title 32 of the Colorado Revised Statutes with the power, among others, to supply water for domestic and other public and private purposes and to provide complete sanitary sewage collection, transmission, treatment and disposal services. Rangeview's water activity enterprise was established by resolution of the district adopted at a public meeting of its board of directors on September 11, 1995, and effective as of the date of its adoption.

B. Service Provider is a corporation involved in the acquisition and development of water and wastewater facilities and systems.

C. Rangeview, Service Provider, and the State of Colorado, acting through the State Board of Land Commissioners (the "Land Board"), are parties to Lease Number S-37280, most recently amended and restated on July 10, 2014 (the "Lease"), pursuant to which Rangeview and Service Provider have certain water rights as defined in the Lease.

D. Service Provider and Rangeview are parties to a Service Agreement dated April 11, 1996, most recently amended and restated on July 10, 2014 (the "Lowry Service Agreement"), pursuant to which Rangeview granted Service Provider the exclusive right as its agent to provide water services to surface tenants, occupants, developers, landowners and all other water users on the Lowry Range (as defined below), subject to the terms and conditions set forth in the Lease.

E. Service Provider and Rangeview are parties to a Wastewater Service Agreement dated January 22, 1997 (the "Lowry Wastewater Service Agreement"), pursuant to which Rangeview granted Service Provider the exclusive right as its agent to provide wastewater service to persons and entities who own real property on the Lowry Range and in all other property included in Rangeview's service area with Service Provider's prior written consent and agreement to provide such properties with wastewater service.

F. Service Provider owns certain water rights, including water rights and water storage rights it purchased pursuant to the Lease, water rights located in Arapahoe County, and water rights pursuant to the WISE Project Financing and Service Agreement between Service Provider and Rangeview dated November 10, 2014 (the "WISE Agreement") relating to the Water Infrastructure Supply Efficiency Partnership known as "WISE", and may acquire additional water rights for use as it deems desirable.

G. Rangeview has acquired and anticipates acquiring rights to provide water and/or wastewater service to governmental entities, including cities, towns, and special districts, and property owners, who may or may not have sufficient water supplies, financial capabilities, design, engineering, construction, or operational capabilities to construct Water Systems or Wastewater Systems (each as defined below) and who may require services that Service Provider is capable of providing.

H. Rangeview is desirous of expanding its relationship with Service Provider in exchange for Service Provider's commitment to provide water and wastewater service, as applicable, to customers pursuant to this Agreement and has determined that it is in the best interest of Rangeview to enter into this Agreement with Service Provider for the following reasons, among others:

(1) Service Provider has a long-term relationship with Rangeview and is the service provider for the Lowry Range;

(2) It is more efficient and economical to have only one service provider with respect to Rangeview's development of Water and Wastewater Systems to provide water and wastewater service for customers on and off the Lowry Range;

(3) It is desirable to limit the number of parties jointly using and expanding the Water and Wastewater Systems; and

(4) Service Provider has expertise in the development and financing of water and wastewater facilities and systems.

I. The parties desire to enter into this Agreement to provide the terms and conditions under which Service Provider will act as Rangeview's contract service provider to design, permit, finance, construct, operate and maintain Water Systems to provide water service to Water Users and Wastewater Systems to provide wastewater service to Wastewater Users.

AGREEMENT

In consideration of the foregoing, the covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
Definitions

As used in this Agreement, the following terms shall have the meanings set forth in this Agreement or as referenced below:

1.1 Lowry Range . "Lowry Range" shall mean the approximately 24,567.21 acres in Arapahoe County, Colorado as more particularly described in the Lease.

1.2 New Service Agreement . "New Service Agreement" shall mean the agreement(s) set forth on the Schedule of Service that provides for the extension of (i) water services to one or more specified Water Users and/or (ii) wastewater services to one or more specified Wastewater Users.

1.3 Operating Expenses . “Operating Expenses” shall mean all actual maintenance and operating costs incurred by Rangeview in discharging Rangeview’s obligations to provide water service to Water Users and wastewater services to Wastewater Users.

1.4 Rules and Regulations . “Rules and Regulations” shall mean the rules and regulations of Rangeview as adopted and amended from time to time.

1.5 Schedule of Service . “Schedule of Service” shall mean **Exhibit A** attached hereto, as it may be amended from time to time by the parties.

1.6 Wastewater User . “Wastewater User” shall mean any user receiving service from a Wastewater System pursuant to this Agreement.

1.7 Wastewater System . “Wastewater System” shall mean the wastewater transmission, treatment and disposal facilities, including re-use and land application facilities, and all other components of a wastewater system or systems to provide wastewater service to Wastewater Users.

1.8 Water User . “Water User” shall mean any user of potable or non-potable water provided pursuant to this Agreement.

1.9 Water System . “Water System” shall mean wells, intake lines, pumps, treatment facilities, transmission systems, storage facilities and all other components of a water supply system or systems to provide water to Water Users.

ARTICLE II
Contract Service Provider

2.1 Exclusivity . Service Provider shall have the sole and exclusive right to be Rangeview’s water and wastewater service provider. The parties acknowledge that if Rangeview acquires additional water, such water shall be subject to the provisions of this Agreement. Further, if Rangeview acquires additional water or wastewater service rights, such water or wastewater service rights shall be subject to the terms of this Agreement unless determined otherwise after compliance with Section 4.1 and Section 14.16.

2.2 Service Provider . During the term of this Agreement, Rangeview hereby grants to Service Provider the sole and exclusive right as its contract service provider to (a) market, lease, license, sell or otherwise transfer, and withdraw and treat in and through the Water Systems covered by this Agreement any water supplies owned or controlled by Rangeview; (b) collect wastewater from Wastewater Users and to market, lease, license, sell or otherwise transfer, and treat such wastewater in and through the Wastewater Systems covered by this Agreement; (c) design, permit, finance, construct, operate and maintain Water Systems and Wastewater Systems to provide water services to Water Users and wastewater services to Wastewater Users, respectively; and (d) provide other requested water and wastewater provider services as required by Rangeview. To the extent, if any, that the terms of this Agreement are contrary to, or inconsistent with, the terms of the Lease relating to assets covered under the Lease, the provisions of the Lease shall control and govern the conduct of the parties. Rangeview hereby grants to Service Provider the sole and exclusive right and license to market, lease, license, sell or otherwise transfer and to collect, withdraw and treat in and through (i) the Water Systems covered by this Agreement any water supplies owned or controlled by Service Provider and (ii) the Wastewater Systems covered by this Agreement any wastewater owned or controlled by Service Provider.

2.3 Additional Consideration . Any additional consideration paid by Service Provider in exchange for the exclusive rights granted hereunder with respect to a particular New Service Agreement shall be set forth on the Schedule of Service. Rangeview acknowledges that Service Provider has paid Rangeview the amount(s) set forth on the Schedule of Service in exchange for the exclusive rights granted hereunder.

ARTICLE III

Representations and Covenants

3.1 Lease . Rangeview represents and warrants that all terms and conditions of the Lease have been complied with by it. Rangeview shall not enter into any amendments to the Lease that affect Service Provider's rights and/or obligations under this Agreement without Service Provider's prior written approval. Rangeview agrees that it will comply with the terms of the Lease, including paying all rents and royalties due under the Lease, and maintain it in effect during the term of this Agreement. It shall not be a breach of this covenant if Rangeview's failure to maintain the Lease in effect is due to a breach of this Agreement or the Lease by Service Provider.

3.2 New Service Agreements . Rangeview represents and warrants that all terms and conditions of each New Service Agreement set forth on the Schedule of Service have been complied with by it. Rangeview shall not enter into any amendments to a New Service Agreement that affect Service Provider's rights and/or obligations under this Agreement without Service Provider's prior written approval. Rangeview agrees that it will comply with the terms of each New Service Agreement and maintain it in effect during the term of this Agreement. It shall not be a breach of this covenant if Rangeview's failure to maintain a New Service Agreement in effect is due to a breach of this Agreement or a New Service Agreement by Service Provider.

3.3 Conflicts of Interest . The parties hereto acknowledge that certain members of the board of directors of Rangeview are officers, directors or employees of Service Provider and may have conflicts of interest with regard to this transaction. Rangeview represents and warrants that such board members have, pursuant to § 24-18-110, C.R.S., filed all necessary disclosure statements with Rangeview and the Colorado Secretary of State. Service Provider represents and warrants that the members of Service Provider's board of directors who also serve on the Rangeview board of directors have fully disclosed such interests to the disinterested board members of Service Provider prior to obtaining board approval of this Agreement and those members with potential conflicts have abstained from voting on this Agreement.

3.4 Rangeview Administrative Functions . Rangeview shall be responsible for performing at its sole expense all functions and reporting obligations imposed upon it as a local government entity and political subdivision of the State of Colorado. Such functions include without limitation, compliance with budget, audit, election, open meetings, public records, conflict of interest disclosure and management laws, and Article X, Section 20 of the Colorado Constitution. Rangeview shall further be solely responsible for performing customer relations functions, adopting and amending the Rules and Regulations, including establishing rates, fees and charges imposed by it upon Water and Wastewater Users, and supervising tap sales. Rangeview shall have primary responsibility for the administration and enforcement of the Rules and Regulations, design standards, easements and service and main extension agreements, but shall coordinate with Service Provider in the performance of these functions.

ARTICLE IV
Agreements and Service

4.1 Customers . Rangeview or Service Provider, as the contract service provider, may negotiate and enter into agreements to lease, license, sell or otherwise transfer and withdraw, collect or treat any water or wastewater available to Rangeview to provide water or wastewater service subject to the terms of this Agreement. Rangeview further agrees that Service Provider may, at its option, negotiate and enter into agreements to lease, license, sell or otherwise transfer, withdraw, collect or treat any water or wastewater available to Service Provider to provide water or wastewater service subject to the terms of this Agreement. Each party shall make available to the other copies of any such agreements twenty-one (21) days prior to execution (a draft being acceptable if finals are not available). The receiving party shall review such information for the sole purposes of determining whether (i) such contract is commercially reasonable, (ii) such contract is in compliance with prudent water provider practice in Colorado, and (iii) such contract is in compliance with this Agreement. The receiving party shall be deemed to have consented to the contract unless, within fourteen (14) days of the date of delivery of the contract, it delivers to the other party a notice specifically stating the reasons that it objects to such contract based on the criteria stated in this section 4.1. Disputes, if any, as to matters under this Section will be submitted to arbitration pursuant to Section 14.16, and a hearing shall be held within fourteen (14) days of selection of an arbitrator or arbitrators, as applicable. Any undisputed contract shall become a New Service Agreement and shall be added to the Schedule of Service. Whether a disputed contract becomes a New Service Agreement that is added to the Schedule of Service will be resolved pursuant to Section 14.16.

4.2 Construction . Service Provider shall be responsible for designing, permitting, financing, and managing the construction of each Water System and Wastewater System owned by Rangeview, pursuant to Rangeview's Rules and Regulations to provide water or wastewater service to meet the demands of Water Users and Wastewater Users, as applicable, and shall do so in a commercially reasonable time and manner consistent with (i) prudent water or wastewater service provider practices in Colorado, (ii) the terms of any applicable New Service Agreement, and (iii) the terms of any other applicable agreement to which Rangeview and Service Provider are parties, and subject to the receipt of all necessary governmental approvals. Upon receiving a written request for water or wastewater service from a Water User or Wastewater User, Rangeview shall give Service Provider written notice of such request. Within thirty (30) days after receipt of all information necessary to establish the service needs of the Water or Wastewater User, Rangeview and Service Provider shall establish a construction schedule identifying the scope of improvements and the timing of construction for such User ("Construction Schedule"). Upon execution of an agreement which secures the commitment of such Water or Wastewater User to purchase taps or receive water and/or wastewater service, as applicable, which agreement shall indicate, if applicable, that Rangeview's commitment for service is subject to the completion of the improvements identified in the Construction Schedule, Service Provider shall design, permit, finance, and manage the construction of the identified improvements pursuant to Rangeview's Rules and Regulations and pursuant to the time frame set forth in the Construction Schedule. Once construction is completed, Service Provider will provide Rangeview with copies of the plans for the improvements as built. Service Provider shall cause the Water System and/or Wastewater System to be completed in a workmanlike manner and in compliance with the plans approved by Rangeview, which approval will not be unreasonably withheld or delayed. Service Provider shall make available to Rangeview copies of any and all construction contracts and related documents concerning the Water System or Wastewater System. Twenty-one (21) days prior to the execution of any construction contract related to either System in excess of One Million Dollars ($1,000,000), Service Provider shall provide Rangeview with a copy of such contract (a draft being acceptable if finals are not available) and information regarding how the improvements will be financed and how such financing obligation will be paid. Rangeview shall review such information for the sole purposes of determining whether such contract is commercially reasonable and in compliance with governing laws and consistent with prudent water or wastewater service provider practices in Colorado, as applicable, and whether the project is fiscally viable. Rangeview shall be deemed to have consented to the contract unless, within fourteen (14) days of the date of delivery of the contract, it delivers to Service Provider a notice specifically stating the reasons for its determination that the proposed contract is not commercially reasonable, is not in compliance with governing laws or with prudent water or wastewater service provider practices in Colorado, as applicable, or the project is not fiscally viable. Disputes, if any, as to matters under this Section will be submitted to arbitration pursuant to Section 14.16, and a hearing shall be held within fourteen (14) days of selection of an arbitrator or arbitrators, as applicable.

4.3 Water Quality . Service Provider shall cause the Water System to be designed to comply with applicable requirements of the Colorado Primary Drinking Water Regulations, 5CCR 1002-11 or such other similar or successor laws (the "Primary Drinking Water Regulations") in effect at the time the Water System is constructed. In addition, Service Provider shall operate and maintain the Water System, and to the extent necessary, modify or upgrade the Water System, such that the water provided through the Water System complies with the Primary Drinking Water Regulations; provided, however, that it shall not be a default of this Section if at any time the water fails to comply with the requirements of the Primary Drinking Water Regulations, Service Provider cures such noncompliance within thirty (30) days of learning of such noncompliance, or if more than thirty (30) days is reasonably required to cure such noncompliance, Service Provider commences to correct the problem within thirty (30) days and thereafter prosecutes the same to completion with reasonable diligence.

4.4 Wastewater System. Service Provider shall cause the Wastewater System to be designed, and shall operate and maintain the Wastewater System, in compliance with applicable regulatory requirements. It shall not be a default of this Section if the Service Provider cures such noncompliance within thirty (30) days of learning of such noncompliance, or if more than thirty (30) days is reasonably required to cure such noncompliance, Service Provider commences to correct the problem within thirty (30) days and thereafter prosecutes the same to completion with reasonable diligence.

4.5 Rules and Regulations of Rangeview . All construction, operation, and maintenance of the Water System and Wastewater System shall be performed in accordance with the Rules and Regulations.

ARTICLE V

Coordination of Lease Assets

Rangeview and Service Provider hold certain rights to water, storage, and infrastructure capacities pursuant to the terms and conditions of the Lease, and the parties shall coordinate the use of any Lease assets subject to the party's respective rights to such assets and subject to the provisions of the Lease

ARTICLE VI

Ownership, Operation, and Maintenance of Facilities

Rangeview shall own the Water System and Wastewater System, except as otherwise specified in a New Service Agreement. Service Provider shall operate, maintain, repair, replace and administer the Water System and the Wastewater System in a commercially reasonable manner consistent with prudent water or wastewater service provider practices in Colorado, as applicable, and in accordance with this Agreement and any applicable New Service Agreement.

ARTICLE VII

Obligations of Service Provider

7.1 Water System and Wastewater System . At its cost, Service Provider shall provide a Water System for Water Users and a Wastewater System for Wastewater Users in a commercially reasonable manner consistent with prudent water or wastewater service provider practices in Colorado, as applicable, in order to meet the demands of Water Users and Wastewater Users. In addition, Service Provider shall install meters, in accordance with the Rules and Regulations, capable of measuring the quantity of water delivered to Water Users.

7.2 Control . Service Provider shall have the responsibility for and control over the details and means for providing the services hereunder subject to the requirement that the services be provided in a commercially reasonable time and manner consistent with prudent water or wastewater service provider practices in Colorado, as applicable, and in accordance with this Agreement and the Rules and Regulations.

7.3 Phased Development . Service Provider may phase the installation of the Water System and Wastewater System in accordance with the needs of Water Users and Wastewater Users. Service Provider shall have no obligation whatsoever to install or create access to a Water System or Wastewater System in advance of the need for such facilities, such need to be based upon commercially reasonable standards for similar development projects and the existence of agreements with Water Users or Wastewater Users, as applicable, providing for payment for such services.

7.4 Administration . Service Provider shall operate, maintain and administer the Water System and Wastewater System, including, but not limited to issuing taps on behalf of Rangeview and billing all charges for water and wastewater services in accordance with Article VIII and any applicable New Service Agreements.

7.5 Records . Service Provider shall keep and maintain accurate files of all contracts concerning the Water System and Wastewater System and all other records necessary to the orderly administration and operation of the Water System and Wastewater System which are required to be kept by local, state or federal statutes, ordinances or regulations. Service Provider shall provide to Rangeview a copy of each executed contract concerning the Water System or Wastewater System within five business days.

7.6 Services . Service Provider shall employ or contract with such qualified engineers, operators, and administrative and other personnel as it deems appropriate, to perform the duties of operating the Water System and Wastewater System, including the following:

(a) cooperating with Rangeview and other state, county, local and federal authorities in providing such tests, performing such activities, and maintaining such records as are necessary to maintain compliance with appropriate governmental standards;

(b) supervising the connection of lines to private development and recording such connections for billing proposes in accordance with Section 8.2;

(c) coordinating construction with various utility companies to ensure minimum interference with the Water System and Wastewater System;

(d) performing all maintenance and repairs, or otherwise providing for the services of contractors, necessary to maintain and continue the efficient operation of the Water System and Wastewater System; and

(e) providing for emergency preparedness to provide response to emergencies, including, but not limited to line breaks, freeze-ups, obstructions, backups, mechanical problems, violations of water or effluent treatment standards, and the interruption of services from other causes.

To the extent Service Provider engages contractors, it shall require such contractors to maintain bonds (or other acceptable sureties or guaranties) and insurance, including workers' compensation insurance, in compliance with applicable laws and the Rules and Regulations. Such bonds and insurance shall name Rangeview, and any third party reasonably requested by Rangeview, as additional insured.

7.7 Compliance with Laws . Service Provider shall comply with the Rules and Regulations and all applicable government statutes, regulations, ordinances, permits and orders, and, if applicable, Colo. Rev. Stat. §24-91-103, 103.5 and 103.6, in its performance under this Agreement.

7.8 Personnel . Service Provider shall engage Certified Water Professionals holding appropriate levels of certification to act as Certified Operator(s) in Responsible Charge for the Water System and the Wastewater System in accordance with and as those terms are defined in Regulation No. 100 of the Colorado Department of Public Health and Environment or any successor requirements of the State of Colorado.

7.9 Permits and Licenses . Service Provider shall, at its own expense, apply for and obtain all necessary building, occupancy, well and other permits, licenses and authorizations which may be required by any governmental entity that has jurisdiction over the operations to be performed by Service Provider pursuant to this Agreement. Rangeview shall cooperate with and provide such reasonable assistance to Service Provider, as Service Provider may request in obtaining such authorizations. All well permits shall be in the name of the owner of the water rights for whom the well permits are filed, and Service Provider shall demonstrate it has the lawful authority to use the water rights.

7.10 Taxes . Service Provider shall be solely responsible for and shall pay all taxes, fees, charges and assessments, if any, in connection with work or the materials on facilities it will own which are to be utilized in accomplishing the activities of Service Provider pursuant to this Agreement.

7.11 Financing . Service Provider shall be responsible for financing its obligations hereunder with the funds it receives pursuant to this Agreement or from such other sources as it deems desirable subject to Section 4.2 hereof and the terms of any applicable New Service Agreement.

7.12 Reporting . In addition to the reports required pursuant to Section 8.5, Service Provider agrees to provide Rangeview with annual budgets and business plans with respect to the Water System and Wastewater System and such other information as Rangeview may reasonably request in order to assure itself that the demands of Water Users and Wastewater Users are being adequately provided for and to assist Rangeview in its long-term planning efforts. Service Provider shall also supply Rangeview with such information as Rangeview may reasonably require to comply with its obligations to state, county, local and federal authorities, including, for example, the results of tests on the quality of the water and information concerning compliance with health and safety regulations.

7.13 Accounting . Service Provider shall prepare and maintain records reflecting or recording costs of service, both for capital development and for operations and administration expenses, for the Water System and the Wastewater System, in accordance with accounting principles generally accepted in the United States of America ("GAAP") for state and local governments as prescribed by the Governmental Accounting Standards Board, as now or hereafter constituted, or if GAAP is no longer available or appropriate, in accordance with other generally accepted water and wastewater utility cost accounting standards designated by the parties. Such records shall be available during normal business hours for inspection and copying by Rangeview. Service Provider shall ensure that any contract or other arrangement it makes with a third person to perform capital development or operations and administration functions assumed by Service Provider hereunder expressly imposes this same requirement upon such person for the benefit of Rangeview. Disputes, if any, as to the appropriate cost accounting standards to be followed will be submitted to arbitration pursuant to Section 14.16.

7.14 Schedule of Service . To the extent Rangeview has obligations under a New Service Agreement related to the services to be performed by Service Provider under this Agreement, Service Provider agrees to provide the services hereunder in conformance with the applicable terms of the New Service Agreement, and Service Provider shall not take any action or omit to take any action that would cause Rangeview to be in breach of any New Service Agreement.

ARTICLE VIII
Billing and Rates

8.1 Rates . Unless otherwise established in a New Service Agreement, Rangeview shall establish tap fees, usage charges, service charges, and other rates, fees and charges to be imposed upon Water Users and Wastewater Users in accordance with the Rules and Regulations.

8.2 Billing

(a) Unless otherwise provided in a New Service Agreement, (i) Service Provider shall read the meters and bill the Water Users for water services provided hereunder, including all tap fees, usage charges, and service charges, and (ii) Service Provider shall bill the Wastewater Users for wastewater services hereunder, including all system development fees and service charges; in each case on behalf of Rangeview and in accordance with the Rules and Regulations. The bills shall provide that payment shall be made by Water Users and Wastewater Users to Rangeview at an address designated by Rangeview.

(b) Rangeview shall be responsible for collection efforts on delinquent accounts and will establish and maintain policies and procedures encouraging prompt and vigorous collection of delinquent accounts.

(c) After deducting the amount required to be paid or accrued to pay the royalties required for water governed under the Lease, Rangeview shall pay Service Provider on or before the 15th day of each month one hundred percent (100%) of tap fees and ninety-eight percent (98%) of all remaining amounts collected by Rangeview from Water Users in the previous month. To the extent necessary to enable Rangeview to determine royalties due under the Lease, Service Provider shall provide Rangeview with a written report to enable Rangeview to distinguish which payments are for water governed under the Lease and of such bills, which are to Title 32 water districts or similar municipal entities supplying water for public use ("Public Entities").

(d) Rangeview shall pay Service Provider on or before the 15th day of each month 100% of wastewater system development fees and ninety percent (90%) of all remaining amounts collected by Rangeview from Wastewater Users in the previous month.

(e) Each payment by Rangeview for system development fees pursuant to Sections 8.2(c) and (d) above shall be accompanied by a written report from Rangeview stating the service address or other description of the licensed premises for which the water and/or wastewater system development fees were paid, the number of equivalent taps licensed for each premise, and the amount of the system development fees collected for each licensed premise.

8.3 Renegotiation . The parties acknowledge that the administrative and operating costs of Rangeview and Service Provider with respect to the water and wastewater service to be provided to Water Users and Wastewater Users are unknown. Therefore, notwithstanding the provisions of Section 8.2, if the percentage of water and wastewater fees and charges allocable to each party pursuant to Section 8.2 are insufficient to cover the respective parties' costs relating to the provision of water service or wastewater service, as applicable, pursuant to this Agreement, including, in each case, without limitation, the proportionate share of each party's reasonable general, legal, administrative, engineering, regulatory compliance, and long-term planning costs attributable to provision of water service or wastewater service, as applicable, Service Provider and Rangeview shall negotiate in good faith, within ninety (90) days after the insufficiency is reasonably claimed by either party, an amendment to Section 8.2 which provides each party with sufficient revenues from this Agreement to cover its costs related to the provision of water or wastewater service, as applicable, or amend the rate structure so that additional rate revenues are generated. During any period of renegotiation, each party shall continue to perform its obligations under this Agreement. Disputes as to an appropriate amendment to provide either party with sufficient rate revenues under Section 8.2 or to amend the rate structure in the Rules and Regulations will be settled by arbitration pursuant to Section 14.16 of this Agreement.

8.4 Reserves.

(a) Rangeview shall utilize the revenues retained by it pursuant to Section 8.2(c) and (d) and, any other revenues retained by it, (i) to pay proper and necessary expenses related to the functions of Rangeview, (ii) to establish a fund for Rangeview's budget for the following calendar year, (iii) to establish an operating reserve fund in an amount consistent with prudent water service provider practices in Colorado and conforming with applicable statutory requirements, and (iv) to establish any operating reserve required by any New Service Agreement. The operating reserve funds shall be continuously maintained and may be utilized by Rangeview solely for paying lawful obligations relating to the provision of water and wastewater service to Water Users and Wastewater Users. The obligations of Rangeview with respect to the budget and operating reserve fund required by subsection (ii) and (iii) above are not cumulative with any budget and operating reserve fund requirements included in other agreements between the parties with respect to water and/or wastewater services, including, but not limited to the Lowry Service Agreement and the Lowry Wastewater Service Agreement. Thus, Rangeview need not establish duplicate budget funds and need only establish one operating reserve fund for the highest percentage of Operating Expenses required by any agreement between the parties. The obligations of Rangeview pursuant to subsection (iv) are exclusive to and allocated pursuant to the revenues derived from this Agreement and shall not affect and shall not be reduced or limited by reserves or funds accumulated by Rangeview under subsections (ii) or (iii) or derived from or required by other agreements entered into by Rangeview for purposes that are outside of the terms of this Agreement.

(b) Service Provider agrees that if and to the extent at any time monies are not available to Rangeview to fund the operating reserve which Rangeview is required to maintain pursuant to a New Service Agreement or if monies in such operating reserve are withdrawn (for a purpose permitted by a New Service Agreement) such that the amount of the operating reserve drops below the amount which Rangeview is required to maintain pursuant to a New Service Agreement and such operating reserve cannot reasonably be expected to be reestablished from anticipated income to Rangeview within one year, then within thirty (30) days of receipt of notice from Rangeview of such fact, Service Provider shall deliver funds to Rangeview sufficient to replenish the operating reserve fund to the level required pursuant to the New Service Agreement. Notwithstanding the fact that the operating reserve can reasonably be expected to be reestablished within one year, if this Service Agreement terminates during such one-year period, Service Provider agrees to deliver funds to Rangeview sufficient to replenish the operating reserve fund to the level required pursuant to a New Service Agreement at the time this Agreement terminates. If Service Provider has given notice to Rangeview pursuant to Section 13.4 of Service Provider's election to terminate this Agreement, any use by Rangeview of the reserve fund in a manner which would cause Service Provider to be required to replenish the fund pursuant to the foregoing sentence because the termination date of this Agreement will occur sooner than the date on which the reserves are reasonably expected to be reestablished shall require the prior written consent of Service Provider, which consent shall not be withheld to the extent it is necessary to make such expenditure at that time.

(c) Any dispute as to the necessity of an expenditure or whether the operating reserve fund can reasonably be expected to be reestablished from anticipated income within one year shall be submitted to arbitration pursuant to Section 14.16 of this Agreement.

(d) Service Provider shall, in consideration of reasonable industry practice, accumulate or make provisions for an adequate capital reserves for repair and replacement of the Water System and Wastewater System. Service Provider shall establish a methodology for calculating the appropriate capital reserve amount. Upon termination of this Agreement, all amounts accumulated for capital reserves shall be transferred to and become the property of Rangeview.

8.5 Reports and Audits.

(a) Within twenty-five (25) days after the end of each calendar year, or within such other time period as may be set forth in the New Service Agreements, during the term of this Agreement, Service Provider shall deliver a report to Rangeview which specifies the quantity of water per New Service Agreement (including any recharged or stored water) delivered by Service Provider and the amount of such water removed from any aquifer and such other information as may be necessary in order to enable Rangeview to comply with its reporting obligations.

(b) Service Provider shall prepare and keep full, complete, and proper books, records and accounts of all water (including any recharged or stored water) sales or dispositions and shall document such transactions as may be required by law. Said books, records, and accounts of Service Provider shall be open at all reasonable times, upon three (3) days prior written notice, to the inspection of Rangeview and its representatives, and upon ten (10) days prior written notice, Service Provider shall cooperate and produce such documents as may be required by a lawful request presented to Rangeview pursuant to the Colorado Open Records Act. Rangeview may, upon no less than fourteen (14) days' prior written notice to Service Provider, cause a partial or complete audit to be made at Rangeview's expense by an auditor selected by Rangeview of the entire records and operations of Service Provider for a five (5) year period preceding the date of the audit relating to water use pursuant to this Agreement. Within fourteen (14) days following receipt of such a notice, Service Provider shall make available to the auditor the books and records the auditor reasonably deems necessary or desirable for the purpose of making the audit. If the results of the audit reveal a deficiency in the amounts paid by Rangeview to a third party as a result of inaccurate reports provided by Service Provider to Rangeview, then Service Provider shall refund the revenues it received from Rangeview under Section 8.2 which should have been paid by Rangeview to such third party, together with interest thereon at the rate of two percent (2%) per month from the date or dates such amounts should have been paid to the third party. If such inaccuracies resulted in a deficiency to the third party in excess of two percent (2%) of the amounts previously computed by Rangeview for the period covered by the audit, then Service Provider shall also pay the actual cost of the audit.

(c) Rangeview shall prepare and keep full, complete, and proper books, records and accounts of all collections with respect to water (including any recharged or stored water) sales or dispositions and shall document such transactions as may be required by law. Said books, records, and accounts of Rangeview shall be open at all reasonable times to the inspection of Service Provider and its representatives who may also, at Service Provider's expense, audit, copy or extract all or a portion of said books, records, and accounts for a period of five (5) years after the date such books, records and accounts are made. Service Provider may, upon fourteen (14) days' prior written notice to Rangeview, cause a partial or complete audit to be made at Service Provider's expense, by an auditor selected by Service Provider, of the entire records and operations of Rangeview relating to water revenue collections pursuant to this Agreement. Within fourteen (14) days following receipt of such a notice, Rangeview shall make available to the auditor the books and records the auditor deems necessary or desirable for the purpose of making the audit. Any deficiency in the payment of amounts due Service Provider pursuant to Section 8.2 determined by such audit shall be immediately due and payable by Rangeview together with interest thereon at the rate of two percent (2%) per month from the date or dates such amounts should have been paid. If such deficiency is in excess of two percent (2%) of the amounts previously computed by Rangeview for the period covered by the audit, then Rangeview shall also pay the actual cost of the audit, at the time the deficiency is paid.

ARTICLE IX
Management of Water

All use of water by Service Provider hereunder, including any re-use or successive use, shall be done in a commercially reasonable manner consistent with prudent water service provider practices in Colorado in accordance with the decrees adjudicating such water and in accordance with applicable New Service Agreements.

ARTICLE X
Rights-of-Way

10.1 Rights-of-Way . Rangeview shall use its best efforts to obtain licenses within public rights-of-way and easements reasonably necessary to perform the services contemplated by this Agreement. To the extent rights-of-way on or under the Lowry Range are reasonably necessary to enable Service Provider to perform the services contemplated by this Agreement, Service Provider shall notify Rangeview, and Rangeview shall file a request for the right-of-way with the Land Board in accordance with the Lease. Upon grant of a right-of-way by the Land Board, Rangeview shall promptly notify Service Provider and, to the extent necessary to enable Service Provider to perform its services hereunder, Rangeview shall grant a license to Service Provider to use the rights-of-way granted by the Land Board.

10.2 Fees for Rights-of-Way . Service Provider shall pay the costs (including, if applicable, legal and engineering fees) associated with obtaining licenses within public rights-of-way or easements necessary for the Water System.

10.3 Condemnation of Land . Upon Service Provider's request, Rangeview agrees to consider and use best efforts to utilize its governmental powers of condemnation if such condemnation is reasonably necessary to enable Service Provider to perform the services contemplated by this Agreement. Rangeview agrees to grant Service Provider a right-of-way, easement or license in such condemned property in such form as is reasonable and appropriate for the services to be conducted or facilities to be constructed on the property. Service Provider shall be responsible for the costs associated with Rangeview's condemnation of such land. Nothing in this section 10.3 shall be construed as a delegation of Rangeview's governmental powers to Service Provider, and Rangeview shall retain sole judicial and legislative discretion in regard to such matters.

ARTICLE XI
Indemnification

As between Service Provider and Rangeview, each party shall indemnify and hold harmless the other, to the extent permitted by law, against and from all liabilities, claims and demands, settlement or litigation expenses, and related attorneys' fees (i) for personal injury or property damage arising out of, or caused by, any act or omission of such party, its contractors, agents or employees or (ii) relating to liens or claims of right to enforce liens arising from actions of such party, its contractors and agents. The party whose actions caused such liens to arise shall promptly cause any such lien to be removed notwithstanding the fact that such party may believe that there is a valid defense to any such claim. Such party shall retain the right to pursue any claims against the person filing the lien after any such lien is removed.

ARTICLE XII
Insurance and Bonds

12.1 Insurance . Service Provider shall at all times carry insurance in amounts and with carriers acceptable to Rangeview for workers' compensation coverage fully covering all persons engaged in the performance of this Agreement in accordance with Colorado law, and for public liability insurance covering death and bodily injury with limits of not less than $1,500,000 for one person and $5,000,000 for any one accident or disaster, and property damage coverage with limits of not less than $500,000, which insurance shall name Rangeview and any other party reasonably requested by Rangeview as additional insureds.

12.2 Bonds . No operations are to be commenced until Service Provider has arranged for good and sufficient bonds, or other acceptable sureties or guaranties, consistent with any applicable governmental requirements, including the Rules and Regulations, and listing Rangeview and any other required parties as a coinsured, in an amount prescribed by the applicable governmental requirements to secure the payment for damages, losses or expenses caused by Service Provider as a result of its operations.

12.3 Bond of Contractors . Bonds provided by contractors for construction activities to Service Provider shall list Rangeview and any other required parties as coinsureds. As long as such bonds otherwise comply with Section 12.2 above and list Rangeview and all other required parties as coinsureds, the contractors shall not be required to obtain any other bonds for Rangeview.

ARTICLE XIII

Term, Default and Termination

13.1 Term . This Agreement shall commence on the date first entered above and, unless sooner terminated pursuant to this Article, shall expire on the day that the last New Service Agreement set forth on the Schedule of Service expires.

13.2 Default and Remedies.

(a) The following events shall constitute events of default under this Agreement:

(i) The institution by or against a party of proceedings under any bankruptcy law or insolvency act or for dissolution, or the appointment of a receiver or trustee for all or substantially all of the property of a party, which proceeding is not dismissed or receivership or trusteeship is not vacated within sixty (60) days after such institution or appointment; provided, however, that if a party seeks to dissolve pursuant to C.R.S. § 32-1-701, *et seq*., as amended, and (i) it notifies the other party in writing concurrently with filing the application for dissolution, and (ii) the plan for dissolution shall include provisions for continuation of this Agreement with a responsible party acceptable to the other party being substituted as a party to this Agreement, and such substituted party assumes all obligations and rights of the dissolving party hereunder, then such dissolution shall not be a default;

(ii) The taking of the Lease or any part thereof upon execution or other process of law directed against Rangeview or the subjection of the Lease or any part thereof to attachment at the instance of any creditor or claimant against Rangeview, which attachment is not discharged or disposed of within sixty (60) days after the levy thereof;

(iii) The material default in the performance of any material term, covenant or condition in this Agreement which default shall continue and not be cured for a period of thirty (30) days after written notice specifically setting forth the nature of the default has been given by the non-defaulting party to the defaulting party, or if more than thirty (30) days is reasonably required to cure such matter complained of, if the defaulting party shall fail to commence to correct the same within said thirty (30) day period and shall thereafter fail to prosecute the same to completion with reasonable diligence.

(b) If an event of default shall occur, then the non-defaulting party may, at its option, without any prejudice to any other remedies it may have, proceed to protect and enforce its rights against the defaulting or breaching party by mandamus or such other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for damages or specific performance, or by self-help. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions hereof, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

(c) If either party shall act or fail to act in a manner which would constitute an event of default under any New Service Agreement (as that term may be defined or described in any New Service Agreement) or if Rangeview is in default pursuant to Section 13.2(a)(ii), immediately, with the passage of time, with notice, or any of the foregoing, the non-defaulting party may, at its option, without prejudice to any other remedies it may have, cure such event of default and seek reimbursement from the defaulting party for any costs and damages associated therewith or offset such costs and damages from any amounts owed to the defaulting party under this Agreement or otherwise without waiting for the thirty-day period provided for in Section 13.2(a)(iii) or the sixty-day period provided for in Section 13.2(a)(ii) to run.

(d) If an event of default shall occur and after the non-defaulting party proceeds in accordance with Section 13.2(b) or (c), the non-defaulting party shall be permitted to terminate this Agreement upon sixty (60) days advance written notice to the defaulting party only if: (i) monetary damages are not paid by the defaulting party when due or (ii) the defaulting party refuses to perform its obligations hereunder.

13.3 Service Provider Right of Termination . Service Provider may terminate this Agreement at any time without cause upon giving one year's prior written notice to Rangeview. During the one-year period, Service Provider shall continue to discharge all of its obligations under this Agreement and shall be entitled to the benefits of this Agreement, unless Rangeview, at its option, requires Service Provider to discontinue providing services hereunder prior to the expiration of the one-year notice period.

13.4 Termination of New Service Agreement . If Rangeview's rights under a New Service Agreement expire or are terminated, the New Service Agreement shall be deleted from the Schedule of Service and shall no longer be part of the rights and obligations under this Agreement. This Agreement shall remain in full force and effect as to all New Service Agreements remaining on the Schedule of Service.

13.5 Compliance with Regulations . The parties understand and agree that compliance with all applicable federal and state regulations must take place at all times. In the event of any termination of this Agreement, with or without cause, the parties shall cooperate to ensure that there is no gap or break in the compliance with all applicable regulations in the provision of service to Water Users and Wastewater Users during the transition of service, including the payment of all applicable rates, fees and charges by Water Users and Wastewater Users and as required by Section 8.2.

13.6 Multi-Fiscal Year Obligation . Nothing in this Agreement shall be interpreted or construed as constituting a multiple fiscal year obligation of Rangeview as defined in Article X, Section 20 of the Colorado Constitution.

ARTICLE XIV
General Provisions

14.1 Assignment . Servicer Provider may assign its interest in this Agreement, but only upon terms expressly approved in writing by Rangeview, which approval may not be unreasonably withheld. Rangeview shall not be deemed to be unreasonable in withholding consent if it is unable to obtain any consent required under a New Service Agreement. Any attempted assignment in contravention of this Section shall be null and void. Notwithstanding the foregoing, Servicer Provider may contract with third parties to perform portions of its obligations under this Agreement and such action on Servicer Provider's part shall not be deemed an assignment of its interest in this Agreement.

14.2 Third Party Beneficiaries . It is not the intent of the parties, nor shall it be the effect of this Agreement, to vest rights of any nature or form in individuals or entities not executing this Agreement as a party.

14.3 Notice . All notices required by this Agreement shall be in writing and shall be delivered to the person to whom the notice is directed, in person, by courier service or by United States mail as a certified item, return receipt requested, addressed to the address stated below. Notices delivered in person or by courier service shall be deemed given when delivered to the person to whom the notice is directed. Notices delivered by mail shall be deemed given on the date of delivery as indicated on the return receipt. The parties may change the stated address by giving ten (10) days' written notice of such change pursuant to this Section.

If to Rangeview:

Rangeview Metropolitan District
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Attention: Manager

If to Service Provider:

Pure Cycle Corporation
34501 E. Quincy Ave., Box 10, Bldg. 34
Watkins, Colorado 80137
Attention: President

14.4 Construction . Where required for proper interpretation, words in the singular shall include the plural, and the masculine gender shall include the neuter and the feminine, and vice versa, as is appropriate. The article and section headings are for convenience and are not a substantive portion of the Agreement. The Agreement shall be construed as if it were equally drafted in all aspects by all parties.

14.5 Entire Agreement . This Agreement, including the items referenced herein or to be attached in accordance with the provisions of this Agreement, constitutes the entire agreement among the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings of the parties as to the subject matter of this Agreement. No representation, warranty, covenant, agreement or condition not expressed in this Agreement shall be binding upon the parties or shall change or restrict the provisions of this Agreement.

14.6 Authority . Each of the parties represents and warrants that it has all requisite power, corporate and otherwise, to execute, deliver and perform its obligations pursuant to this Agreement, that the execution, delivery and performance of this Agreement and the documents to be executed and delivered pursuant to this Agreement have been duly authorized by it, and that upon execution and delivery, this Agreement and all documents to be executed and delivered pursuant to this Agreement will constitute its legal, valid and binding obligation, enforceable against it in accordance with their terms.

14.7 Copies . Numerous copies of this Agreement have been executed by the parties. Each such executed copy shall have the full force and effect of an original, executed Agreement.

14.8 Counterparts . This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same instrument.

14.9 Amendment . This Agreement shall not be amended except by a writing executed by both parties.

14.10 Compliance with Law . Rangeview and Service Provider covenant and agree that during the continuance of this Agreement, they shall comply fully with all provisions, terms, and conditions of all laws whether state or federal, and orders issued thereunder, which may be in effect during the continuance hereof.

14.11 Binding Effect . The benefits and terms and obligations of this Agreement shall extend to and be binding upon the successors or permitted assigns of the respective parties hereto.

14.12 Severability . If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby. It is also agreed that in lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there shall be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

14.13 Duty of Good Faith and Fair Dealing; Regular Consultation . The parties acknowledge and agree that each party has a duty of good faith and fair dealing in its performance of this Agreement. Service Provider will advise Rangeview of its activities no less than annually during the term of this Agreement and will respond to reasonable requests of Rangeview for additional information on Service Provider's activities.

14.14 Further Assurance . Each of the parties hereto, at any time and from time to time, will execute and deliver such further instruments and take such further action as may reasonably be requested by the other party hereto, in order to cure any defects in the execution and delivery of, or to comply with or accomplish the covenants and agreements contained in this Agreement and/or any other agreements or documents related thereto.

14.15 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado and applicable federal law.

14.16 Arbitration . Any controversy or claim arising out of or relating to the computation of amounts due pursuant to Section 8.2 under this Agreement and all other controversies or claims which the parties have expressly agreed herein shall be submitted to arbitration, shall be settled by arbitration in accordance with the Commercial Rules of the American Arbitration Association, including discovery, experts, evidence and hearings. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration shall be instituted on written demand of any party setting forth the issues to be arbitrated. The party responding to the arbitration demand shall respond to the demand within ten (10) days, after which the parties shall proceed to select an arbitrator within ten (10) days; provided however, that if the parties are unable to agree on a single arbitrator within such ten (10) days, the arbitration shall be by majority decision of a panel of three arbitrators, at least two of whom shall have experience and expertise in water rights or water utility matters, who may, but need not, be affiliated with the American Arbitration Association. Within ten (10) days, each party shall appoint one arbitrator, who together shall appoint the third. If a party fails to appoint an arbitrator within ten (10) days, an arbitrator shall be appointed for such party by the American Arbitration Association upon the request of another party. Arbitration shall be concluded and an award entered within sixty (60) days of the completion of selection of the arbitration panel, unless a shorter period is set forth elsewhere in this Agreement.

14.17 Litigation and Attorneys' Fees . Except as provided in Section 14.16 above, in the event of claims, disputes or other disagreements between the parties which the parties are not able to resolve amicably, either party may bring suit in a court of competent jurisdiction seeking resolution of the matter. The prevailing party in any arbitration or suit shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

14.18 No Waiver of Governmental Immunity . Nothing in this Agreement shall be interpreted or construed as constituting a waiver of the immunity granted to Rangeview pursuant to the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq*., as amended.

14.19 Force Majeure . Should either party be unable to perform any obligation required of it under this Agreement, other than the payment of money, because of any cause beyond its control (including, but not limited to war, insurrection, riot, civil commotion, shortages, strikes, lockout, fire, earthquake, calamity, windstorm, flood, material shortages, failure of any suppliers, freight handlers, transportation vendors or like activities, or any other force majeure), then such party's performance of any such obligation shall be suspended for such period as the party is unable to perform such obligation.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement on the date first written above.

Rangeview: RANGEVIEW METROPOLITAN DISTRICT, acting by and through its water enterprise

By: /s/ Mark Harding
Mark Harding, President

Attest By: /s/ Scott Lehman
Scott Lehman, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing instrument was acknowledged before me this 16th day of June 2017, by Mark Harding as President, and Scott Lehman as Secretary of RANGEVIEW METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the state of Colorado.

Witness my hand and official seal.

My commission expires: November 17, 2020

/s/ James D. Ewing
Notary

Service Provider: PURE CYCLE CORPORATION, a Colorado corporation

By: /s/ Mark Harding
Mark Harding, President

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing instrument was acknowledged before me this 16th day of June 2017, by Mark Harding as President of Pure Cycle Corporation, a Colorado corporation.

Witness my hand and official seal.

My commission expires: November 17, 2020

/s/ James D. Ewing
Notary

Exhibit A
Schedule of Services
(as of June 16, 2017)

1. Service Area – Elbert County/Wild Pointe Ranch

   a. Terms of Service:

      Water Service Agreement by and between Rangeview Metropolitan District, acting by and through its Water Activity Enterprise, and Elbert & Highway 86 Commercial Metropolitan District, acting by and through its Wild Pointe Water Activity Enterprise, effective as of December 15, 2016 (the "Wild Pointe Service Agreement").

   b. Additional Consideration:

      Service Provider paid Rangeview $1,600,000 in cash in exchange for the exclusive right to provide water services to customers in Wild Pointe Ranch in accordance with the Wild Pointe Service Agreement.

   c. Exceptions to 8.2:

      None

2. Service Area – Sky Ranch Development

   a. Terms of Service:

      Water and Wastewater Service Agreement for the Sky Ranch Development by and between Rangeview Metropolitan District, acting by and through its Water Activity Enterprise, and PCY Holdings, LLC, dated June 16, 2017 regarding the Sky Ranch Development.

   b. Additional Consideration:

      None

   c. Exceptions to 8.2:

      None

Exhibit 10.19

PCY HOLDINGS, LLC

and

RICHMOND AMERICAN HOMES OF COLORADO, INC.

CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

Table of Contents

DEFINITIONS

"Alternative Service" shall have the meaning set forth in Section 5(b).
"Architectural Review Committee" shall have the meaning set forth in Section 12(d).
"Authorities" and "Authority" shall have the meaning set forth in the Recitals.
"BMPs" shall have the meaning set forth in Section 28(x).
"Board" shall have the meaning set forth in Section 16(b).
"CDs" shall have the meaning set forth in Section 5(a)(i).
"Closed" shall have the meaning set forth in Section 7.
"Closing Date" shall have the meaning set forth in Section 8(b).
"Closing" shall have the meaning set forth in Section 7.
"Communication Improvements" shall have the meaning set forth in Section 20.
"Communications" shall have the meaning set forth in Section 28(j).
"Completion Notice" shall have the meaning set forth in Section 5(b).
"Confidential Information" shall have the meaning set forth in Section 28(bb).
"Continuation Notice" shall have the meaning set forth in Section 10(a).
"Contract" shall have the meaning set forth in the Recitals.
"County Records" shall have the meaning set forth in Section 5(a)(i).
"County" shall have the meaning set forth in the Recitals.
"Dedications" shall have the meaning set forth in Section 17.
"Deferred Purchase Price" shall have the meaning set forth in Section 2(a).
"Deposit" shall have the meaning set forth in Section 3(a).
"Design Guidelines" shall have the meaning set forth in Section 12(d).
"Development" shall have the meaning set forth in the Recitals.
"District Improvements" shall have the meaning set forth in Section 16(b).
"District" shall have the meaning set forth in Section 9(d).
"Due Diligence Period" shall have the meaning set forth in Section 10(a).
"Easement" shall have the meaning set forth in Section 20.
"Effective Date" shall have the meaning set forth in the Recitals.
"Entitlements" shall have the meaning set forth in Section 5(a)(i).
"Environmental Claim" shall have the meaning set forth in Section 10(h).
"Environmental Laws" shall have the meaning set forth in Section 10(g).

"EPA" shall have the meaning set forth in Section 10(c).
"Escalator" shall have the meaning set forth in Section 2(b).
"Existing Entitlement Documents" shall have the meaning set forth in Section 5(a)(i).
"Feasibility Review" shall have the meaning set forth in Section 10(a).
"Filing" and "Filings" shall have the meaning set forth in the Recitals.
"Final Approval" shall have the meaning set forth in Section 5(a)(ii).
"Final Lotting Diagram" shall have the meaning set forth in Section 1.
"Final Plat" shall have the meaning set forth in Section 5(a)(i).
"Final Subdivision Documents" shall have the meaning set forth in Section 5(a)(i).
"Finished Lot Improvements" shall have the meaning set forth in the Recitals.
"First Closing" shall have the meaning set forth in Section 1.
"Force Majeure" shall have the meaning set forth in Section 13.
"General Assignment" shall have the meaning set forth in Section 8(d)(iii)(9).
"Good Funds" shall have the meaning set forth in Section 2(a).
"Government Warranty Period" shall have the meaning set forth in Exhibit C.
"Governmental Fees" shall have the meaning set forth in Section 17.
"Governmental Warranty" shall have the meaning set forth in Exhibit C.
"Hazardous Materials" shall have the meaning set forth in Section 10(g).
"Homebuyer Disclosure" shall have the meaning set forth in Section 12(e).
"House Plans" shall have the meaning set forth in Section 12(d)(i).
"Infrastructure Improvements" shall have the meaning set forth in Section 17.
"Initial Purchase Price" shall have the meaning set forth in Section 2(a).
"Lien Affidavit" shall have the meaning set forth in Section 4(a).
"Lot" and "Lots" shall have the meaning set forth in the Recitals.
"Lot Development Agreement" shall have the meaning set forth in the Recitals.
"Lotting Diagram" shall have the meaning set forth in the Recitals.
"Master Commitment" shall have the meaning set forth in Section 4(a).
"Master Covenants" shall have the meaning set forth in Section 4(d).
"Master Declaration" shall have the meaning set forth in Section 4(d).
"Metro District Payments" shall have the meaning set forth in Section 16(b).
"New Exception Objection" shall have the meaning set forth in Section 4(b).

“New Exception Review Period” shall have the meaning set forth in Section 4(b).
“New Exceptions” shall have the meaning set forth in Section 4(b).
“NOI” shall have the meaning set forth in Section 28(x).
“Non-Government Warranty Period” shall have the meaning set forth in Exhibit C, Section 5(b).
“Non-Government Warranty” shall have the meaning set forth in Exhibit C, Section 5(b).
“Non-Seller Caused Exceptions” shall have the meaning set forth in Section 4(b).
“NORM” shall have the meaning set forth in Section 10(c).
“OFAC” shall have the meaning set forth in Section 22.
"Offsite Infrastructure Improvements" shall have the meaning set forth in Section 5(b).
“Other New Exceptions” shall have the meaning set forth in Section 4(b).
“Overex” shall have the meaning set forth in Section 10(e).
“Permissible New Exceptions” shall have the meaning set forth in Section 4(b).
“Permitted Exceptions” shall have the meaning set forth in Section 9.
“PIF Percentage” shall have the meaning set forth in Section 9(e).
“Property” shall have the meaning set forth in the Recitals.
“Public Improvement Fee” or “PIF” shall have the meaning set forth in Section 9(e).
“Public Improvements” shall have the meaning set forth in Exhibit C, Section 5(a).
“Punch-List Items” shall have the meaning set forth in Section 5(b).
“Purchase Price” shall have the meaning set forth in Section 2.
“Purchaser Parties” shall have the meaning set forth in Section 10(i).
“Purchaser’s Geotechnical Reports” shall have the meaning set forth in Section 10(e).
“Purchaser’s SWPPP” shall have the meaning set forth in Section 28(x).
“Purchaser” shall have the meaning set forth in the Recitals.
“Rangeview” shall have the meaning set forth in Section 16(a).
“Representatives” shall have the meaning set forth in Section 28(bb).
“SDF” shall have the meaning set forth in Section 16(c)(iii).
“SDP Criteria” shall have the meaning set forth in Section 12(d).
“Second Closing” shall have the meaning set forth in Section 1.
“Seller Caused Exception” shall have the meaning set forth in Section 4(b).
“Seller Cure Period” shall have the meaning set forth in Section 4(b).
“Seller Documents” shall have the meaning set forth in Section 10(a).

“Seller Party” or “Seller Parties” shall have the meaning set forth in Section 10(h).
“Seller’s Actual Knowledge” shall have the meaning set forth in Section 11(h).
“Seller’s Condition Precedent” shall have the meaning set forth in Section 6(a).
“Seller’s Representations” shall have the meaning set forth in Section 11.
“Seller” shall have the meaning set forth in the Recitals.
“Sidewalks” shall have the meaning set forth in Exhibit C, Section 4.
“Sky Ranch” shall have the meaning set forth in the Recitals.
"Substantially Complete" or "Substantial Completion" shall have the meaning set forth in Section 5(b).
“Survey” shall have the meaning set forth in Section 4(a).
“SWPPP” shall have the meaning set forth in Section 28(x).
“Takedown 1 Building Permit Required Improvement Deadline” shall have the meaning set forth in Section 8(b).
“Takedown 1 Closing Date” shall have the meaning set forth in Section 8(b).
“Takedown 1 Lots” shall have the meaning set forth in the Recitals.
“Takedown 2 Closing Date” shall have the meaning set forth in Section 8(b).
“Takedown 2 Closing” shall have the meaning set forth in Section 8(b).
“Takedown 2 Lots” shall have the meaning set forth in the Recitals.
“Takedown Commitment” shall have the meaning set forth in Section 4(b).
“Takedown” shall have the meaning set forth in the Recitals.
“Tap Purchase Agreement” shall have the meaning set forth in Section 16(a).
“Title Company” shall have the meaning set forth in Section 4(a).
“Title Objections” shall have the meaning set forth in Section 4(a).
“Tree Lawns” shall have the meaning set forth in Exhibit C, Section 4.

CONTRACT FOR PURCHASE
AND SALE OF REAL ESTATE

THIS CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Contract**" or "Agreement") is entered into as of the last date of the signatures hereto (the "**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**").

WHEREAS, Seller is developing a master planned residential community to be known as "**Sky Ranch**" which is located in Arapahoe County, Colorado ("**County**"). The Sky Ranch master planned residential community may also be referred to herein as the "**Development**". The preliminary concept map for Phase A of the Development is depicted on **Exhibit A** attached hereto. The Development is being platted in several subdivision filings and developed in phases. Each subdivision filing is hereinafter sometimes respectively referred to as a "**Filing**" and collectively as "**Filings**".

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase and obtain from Seller, approximately 190 platted single family detached residential lots (individually referred to as a "**Lot**" and collectively as the "**Lots**") in the Development which will be finished in accordance with this Contract and which will be used for the construction of single family residential dwellings upon the terms and conditions set forth in this Contract.

WHEREAS, Seller is selling platted residential lots within the Development to multiple homebuilders, including Purchaser. The Lots to be sold by Seller and acquired by Purchaser that are located within the Development shall be hereinafter collectively referred to as the "**Property**." The Lots will be conveyed at one or more Closings as more particularly provided herein and each such Closing may be referred to herein as a "**Takedown.**" The Lots which are to be conveyed at the first Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 1 Lots**"; and, the Lots which are to be conveyed at the second Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 2 Lots**".

WHEREAS, as of the Effective Date, the Lots have not been subdivided pursuant to a recorded final subdivision plat. The number and location of the Lots to be acquired by Purchaser are generally depicted on the preliminary concept map for Phase A of the Development attached hereto as **Exhibit A** (the "**Lotting Diagram**"). The precise number, dimension and location of the Lots will be established at the time the subdivision plat for such Lots is approved by the County and/or any other relevant governmental authority (collectively, the "**Authorities**" and each an "**Authority**"). As of the Effective Date, the parties anticipate that Purchaser will acquire approximately 190 Lots that are approximately 50 feet wide by approximately 110 feet deep for the construction of single family detached homes.

WHEREAS, following Purchaser's acquisition of Lots, Seller will construct certain infrastructure improvements for the Lots as described on **Exhibit C** attached hereto (the "**Finished Lot Improvements**") pursuant to a lot development agreement executed by Seller and Purchaser in the form set forth on **Exhibit F** ("**Lot Development Agreement**").

1. Purchase and Sale. The Property shall be purchased at two (2) Closings. Subject to the terms and conditions of this Contract, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, on or before the dates set forth in Section 6(b) below, the Lots in each Takedown, as generally depicted on the Lotting Diagram and as follows:

At the Takedown 1 Closing ("**First Closing**"), one-hundred (100) Lots;

At the Takedown 2 Closing ("**Second Closing**"), ninety (90) Lots.

Notwithstanding the foregoing, however, the parties acknowledge and agree that the Parties shall negotiate during the Due Diligence Period to reach agreement on a mutually acceptable site plan for the Lots ("**Final Lotting Diagram**") and that the exact number and location of the Lots within each Takedown are subject to adjustment based upon the approval by the Authorities of the Final Plat (as hereinafter defined) that includes the Lots to be acquired by Purchaser at each Takedown. The precise number, dimension (subject to the provisions of this Contract), location and legal description of the Lots will be established at the time the Final Plat for such Lots is approved by the County and/or any other Authority, and upon approval of each such Final Plat the parties shall execute an amendment to this Contract setting forth the legal description of those Lots included in the approved Final Plat.

2. Purchase Price. The purchase price to be paid by Purchaser to Seller for each Lot (the **Purchase Price**") shall consist of the Initial Purchase Price (as hereinafter defined) and the Deferred Purchase Price (as hereinafter defined). The Purchase Price for each Lot shall be calculated as provided in the following Section 2(a) and shall be subject to adjustment as provided in Section 2(b) below:

(a) Purchase Price Payments. For each Lot the Purchase Price shall be the sum of the "**Initial Purchase Price**" of Fifteen Thousand and 00/100 Dollars ($15,000.00) paid by Purchaser to Seller by wire transfer or other immediately available and collectible funds ("**Good Funds**"), and the "**Deferred Purchase Price**" of Fifty Four Thousand and 00/100 Dollars ($54,000.00) paid by Purchaser to Seller for a total of Sixty Nine Thousand and 00/100 Dollars ($69,000.00) per Lot (subject to adjustment as hereinafter provided in Section 2(b) of this Agreement). The Deferred Purchase Price for the Lots acquired by Purchaser at the First Closing shall be secured by a letter of credit delivered by Purchaser into escrow at the First Closing, and the Deferred Purchase Price for the Lots acquired by Purchaser at the Second Closing shall be secured by a letter of credit delivered by Purchaser into escrow at the Second Closing, as more particularly described in Section 5(c) below.

(b) Purchase Price Escalator. The portion of the Purchase Price of each Lot not paid at the First Closing will increase by an amount equal to the amount of simple interest that would accrue thereon for the period elapsing between the date that the First Closing occurs until the date such amount is paid, at a per annum rate equal to two and one-half percent (2.5%) (the "**Escalator**"). By way of example and for clarification purposes only, if the Initial Purchase Price of a Lot at the Closing of the Takedown 1 Lots is $15,000, then at a subsequent Closing occurring 12 months (365 days) following the date of the closing of the Takedown 1 Lots, the Purchase Price for a Lot at such subsequent Closing will be $15,375, which is calculated as follows: $15,000 + ($15,000 x ..025) = $15,375.

3. Payment of Purchase Price. The Purchase Price for each of the Lots, as determined pursuant to Section 2 above, shall be payable as follows:

(a) Earnest Money Deposit. Within three (3) business days following the Effective Date, Purchaser shall deliver to the Title Company (as defined in Section 4(a) hereof) an earnest money deposit in the amount of $100,000.00 (the "**Initial Deposit**". At the end of the Due Diligence Period and within three (3) business days following the delivery of the Continuation Notice (as hereinafter defined), Purchaser shall deliver to the Title Company an additional $110,000 (the "**Additional Deposit**"). The Initial Deposit and the Additional Deposit and all interest earned thereon shall be referred to herein as the "**Deposit**." The Title Company will act as escrow agent and invest the Deposit in a federally insured institution at the highest money market rate available. The Deposit shall be paid in Good Funds. One-half of the Deposit will be applied to the Closing Purchase Price Payment for the Takedown 1 Lots and one-half of the Deposit will be applied to the Closing Purchase Price Payment for the Takedown 2 Lots. If this Contract is terminated prior to the expiration of the Due Diligence Period for any reason, the Initial Deposit shall be refunded to Purchaser. If this Contract is terminated prior to the Deposit being fully applied to the Purchase Price at the last Closing, the unapplied portion of the Deposit shall be paid to Seller, except in the case of a termination of this Contract pursuant to a provision that expressly entitles Purchaser to a refund of the Deposit as provided elsewhere herein.

(b) Initial Purchase Price. That portion of the Purchase Price for each Lot that is identified as the Initial Purchase Price and calculated as provided in Section 2 above shall be paid by Purchaser to Seller in Good Funds at the Closing that is applicable to the Lot.

(c) Deferred Purchase Price. That portion of the Purchase Price for each Lot that is identified as the Deferred Purchase Price in Section 2 above is due and payable by Purchaser to Seller, as provided in and pursuant to the terms of the Lot Development Agreement (as hereinafter defined).

4. Seller's Title

(a) Preliminary Title Commitment. Within ten (10) business days after the Effective Date, Seller shall furnish to Purchaser, at Seller's expense, a current commitment for a Title Policy (as defined below) for the Property (the "**Master Commitment**") issued by Land Title Guarantee Company ("**Title Company**") and underwritten by First American Title Insurance Company, together with copies of the instruments listed in the schedule of exceptions in the Master Commitment. If the Master Commitment contains any exceptions from coverage which are unacceptable to Purchaser, then Purchaser shall object to the condition of the Master Commitment in writing within forty-five (45) days of Purchaser's receipt of the Master Commitment together with copies of all documents constituting exceptions to title (the "**Title Objections**"). Upon receipt of the Title Objections, Seller may, at its option and at its sole cost and expense, clear the title to the Property of the Title Objections within twenty (20) days of receipt of the Title Objections. In the event Seller fails, or elects not to clear the title to the Property of the Title Objections on or before the date that is ten (10) days before the expiration of the Due Diligence Period, the Purchaser, as its sole remedy, may elect before the expiration of the Due Diligence Period either: (i) to terminate this Contract, in which event the Initial Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 12(c) below; or (ii) to waive such objections and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the title matters as to which its Title Objections have been waived. If Purchaser fails to provide the Title Objections prior to the expiration of the sixty (60) day period required by this Section 4(a), Purchaser shall be deemed to have elected to waive its objections as described in the preceding clause. If Purchaser fails to notify Seller of its election to terminate this Contract or waive it objections, Purchaser shall be deemed to have elected to waive its objections to any title matter that Seller has failed or elected not to cure. Seller shall release at or prior to the applicable Closing any monetary lien that Seller caused or created against the Property with respect to that portion of the Property to be acquired at a particular Closing other than non-delinquent real estate taxes and assessments and Permitted Exceptions, and such monetary liens shall not constitute Permitted Exceptions (as hereinafter defined). At each Closing, without the need for Purchaser to object to the same in Purchaser's Title Objections, Seller shall execute and deliver the Title Company's standard form mechanic's lien affidavit (the "**Lien Affidavit**"), and to the extent required by the Title Company a commercially reasonable indemnity agreement (the "**Title Company Indemnity**"), in connection with the standard printed exception for liens arising against the Lots purchased at the Closing for work or materials ordered or contracted for by Seller, and any information regarding such work reasonably requested by Title Company, provided, however, if the Purchaser determines during the Due Diligence Period that the Title Company refuses or is unwilling to delete the standard printed exception for liens as part of extended coverage despite Seller's offer to execute and deliver the Lien Affidavit and Title Company Indemnity, then Purchaser will have the right to terminate this Contract on or before the expiration of the Due Diligence Period whereupon the Deposit will be returned to Purchaser, or Purchaser may proceed with the Closing in which event the Title Policy will contain and the Lots will be conveyed subject to the standard printed exception for liens unless the Title Company thereafter agrees to delete such lien exception, however, the Purchaser has no further termination right if the Title Company does not agree to do so. Seller shall request that the Takedown Commitment (as hereinafter defined) provide for the deletion of the other standard printed exceptions from the Title Policy as part of extended coverage (provided that Seller's only obligation with respect thereto shall be to provide a copy of Seller's existing survey ("**Survey**"), if any, of the land that contains the Lots, obtain and furnish a plat certification issued by a licensed surveyor, to execute the Title Company's standard form seller-owner final affidavit and agreement as reasonably modified by Seller and as to Seller's acts only if such affidavit is required by the Title Company for the purpose of deleting any exception for parties in possession ("**Owner's Affidavit**"), and to execute the Title Company's Lien Affidavit and Title Company Indemnity with respect to Seller's acts, in form and substance reasonably acceptable to Seller). Seller has no obligation to provide a new Survey or to update any existing Survey.

(b) Subsequently Disclosed Exceptions. Not less than fifteen (15) days prior to the applicable Closing, Purchaser may request that the Title Company issue an updated title commitment for that portion of the Property to be acquired at such Closing (each a "**Takedown Commitment**"), together with copies of any additional instruments listed in the schedule of exceptions which are not reflected in the Master Commitment furnished pursuant to Section 4(a) above or in any prior Takedown Commitment. Additional items disclosed by a Takedown Commitment or by an amendment to the Master Commitment that affect title to the subject Property are referred to as "**New Exceptions**". New Exceptions affecting title to the subject Property that are allowed by the provisions of this Contract are referred to as "**Permissible New Exceptions**" and all other New Exceptions are referred to as "**Other New Exceptions**". Purchaser has no right to object to any Permissible New Exception. Other New Exceptions which do not materially adversely affect title, as reasonably determined by Purchaser, or use of a Lot shall also be Permissible New Exceptions. Purchaser shall have a period of seven (7) days from the date of its receipt of such Takedown Commitment or amendment to the Master Commitment and a copy of the New Exceptions (the "**New Exception Review Period**") to review and to approve or disapprove any Other New Exceptions. If the Other New Exception is unacceptable to Purchaser, Purchaser shall object to the Other New Exception in writing within seven (7) days from the date of Purchaser's receipt of the Takedown Commitment, together with a copy of the New Exceptions (the "**New Exception Objection**"). Upon receipt of the New Exception Objection, Seller shall cure the New Exception Objection (by deletion, insuring over or endorsement) to the extent that such Other New Exception was caused or created by Seller and is not otherwise permitted by this Contract ("**Seller Caused Exception**"). If the New Exception Objection relates to an Other New Exception that was not caused by Seller ("**Non-Seller Caused Exception**"), Seller may, at its sole discretion, cure the New Exception Objection, within fifteen (15) days of receipt of the New Exception Objection ("**Seller Cure Period**") and the applicable Closing Date will be extended to accommodate the Seller Cure Period. In the event Seller fails, or elects not to cure a Non-Seller Caused Exception within such fifteen (15) day period, the Purchaser, as its sole remedy, may elect within five (5) days after the end of the Seller Cure Period either: (i) to terminate this Contract as to the Lots affected by such New Exception, in which event the prorata portion of the unapplied Deposit for such Lots shall be refunded to Purchaser and the parties shall have no further rights or obligations under this Contract as to such Lots; or (ii) to waive such objection and proceed with the acquisition of the Lots in such Takedown, in which event Purchaser shall be deemed to have approved the New Exception. If Purchaser fails to notify Seller of its election to terminate this Contract as to the applicable Lots in accordance with the foregoing sentences within five (5) days after the expiration of the Seller Cure Period (i) Purchaser shall be deemed to have elected to waive its objections as described in the preceding sentences (ii), and all such items shall be deemed to be Permitted Exceptions.

(c) Permitted Exceptions; Additional Easements. Seller shall convey title to the Lots included in each Takedown of the Property to Purchaser at the Closing for such Takedown subject to the Permitted Exceptions described in Section 9 hereof. Prior to each such Closing, Seller shall have the right, subject to the limitations set forth below and in **Exhibit B**, to utilize the reservation of rights set forth on**Exhibit B** hereof, to convey additional easements as Permissible New Exceptions to utility and cable service providers, governmental or quasi-governmental Authorities, metropolitan, water and sanitation districts, homeowners associations or property owners associations or other entities that serve the Development or adjacent property for construction of utilities and other facilities to support the Development or such adjacent property, including but not limited to sanitary sewer, water lines, electric, cable, broad-band and telephone transmission, storm drainage and construction access easements across the Property not yet acquired by Purchaser, allowing Seller or its assignees the right to install and maintain sanitary sewer, water lines, cable television, broad-band, electric, telephone and other utilities on the Property and on the adjacent property owned by Seller and/or its affiliates, and further, to accommodate storm drainage from the adjacent property. Such easements shall require the restoration of any surface damage or disturbance caused by the exercise of such easements, shall not be located within the building envelope of any Lot, shall not materially detract from the value, use or enjoyment of (i) the Lots affected or the remaining portion of the Property on which such easements are to be located, or (ii) any adjoining property of Purchaser.

(d) Master Covenants. Prior to the Takedown 1 Closing, Seller shall, subject to the limitations set forth below, prepare covenants, conditions and restrictions for the Development or the portion thereof in which the Property is located (the "**Master Declaration**") incorporating architectural and design standards and guidelines, use limitations and restrictions and which may establish an owners association or provide that the District shall administer the Master Declaration, among other matters, together with such supplemental declarations as may have been or may be recorded to subject the Property to the provisions of the Master Declaration (collectively, the "**Master Covenants**"). Seller shall provide a draft of the Master Covenants in substantially the form to be recorded to Purchaser for Purchaser's review within thirty (30) days after the Effective Date. If the Master Covenants contain any provisions which are unacceptable to Purchaser in Purchaser's sole discretion, Purchaser shall object to such provisions with particularity in writing within ten (10) days of receipt of the draft Master Covenants. Upon receipt of such objection, Seller may, at its option, modify the objectionable provisions of the Master Covenants within ten (10) days of receipt of such objection from Purchaser. In the event Seller fails or elects in its discretion not to modify the objectionable provisions of the Master Covenants within such ten (10) day period, Purchaser shall have the right as its sole remedy to elect either: (i) to terminate this Contract, in which event the Initial Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 12(c) below; or (ii) to waive any objections to the Master Covenants and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the Master Covenants as to which its objections have been waived. If Purchaser fails to provide written notice to Seller of its objection to the Master Covenants within ten (10) days of receipt of the draft Master Covenants as required by this Section 4(d), Purchaser shall be deemed to have elected to waive its objections as described in the preceding clause and the Master Covenants shall be deemed to be Permitted Exceptions. Seller shall be permitted to revise the Master Covenants at any time before the First initial Closing under this Contract without the consent of Purchaser, provided that any such revisions have no material adverse effect on the Lots acquired or to be acquired by Purchaser.

(e) Title Policy. Within a reasonable time after each Closing, Seller, at its expense, shall cause the Title Company to deliver a Form 2006 ALTA extended coverage owner's policy of title insurance ("**Title Policy**"), insuring Purchaser's title to the Property conveyed at such Closing, pursuant to the applicable Takedown Commitment and subject only to the Permitted Exceptions, together with such endorsements as Purchaser may request and which the Title Company agrees to issue during the Due Diligence Period. Such Title Policy shall include extended coverage subject to the provisions of Section 4(a) hereof. Seller shall pay the premium for the basic policy at such Closing and Purchaser shall pay any additional premium for extended coverage if available. The Title Policy shall provide insurance in an amount equal to the Purchase Price for all Lots purchased at such Closing. At each Closing, Seller shall offer to execute and deliver a Lien Affidavit and an Owner's Affidavit, and shall obtain and furnish a plat certification issued by a licensed surveyor, both as provided in Section 4(a) above. Purchaser shall pay any fees charged by the Title Company to delete the standard pre-printed exceptions. Purchaser shall pay for the premiums for any endorsements requested by Purchaser, except that Seller shall pay for any endorsements that Seller agrees to provide in order to cure a Title Objection.

5. Seller Obligations. Seller shall have the following obligations:

(a) Entitlements.

(i) Existing Entitlements. The County previously approved the following entitlements for the Property (collectively, the '**Existing Entitlement Documents**"): a Preliminary Plat and a Preliminary Development Plan. Seller shall provide a copy of the Existing Entitlement Documents to Purchaser as part of the Seller Documents.

(ii) Platting and Entitlements. Seller shall be responsible, at Seller's sole cost and expense, for preparing and processing in a commercially reasonable manner and timeframe, and diligently pursuing and obtaining Final Approval (as defined below) from the County and any other appropriate Authority and recording in the records of the Clerk and Recorder of the County (the "**County Records**"), as may be required, of the following for each respective Takedown: (i) a specific development plan that includes the Property ("**SDP**"); (ii) an administrative site plan ("**ASP**") and final subdivision plat or plats for each Filing within the Property (each a '**Final Plat**"); (iii) the public improvement construction plans relating to such Final Plat ("**CDs**"); and (iv) the development or subdivision improvement agreement associated with such Final Plat and other similar documentation required by the Authorities in connection with approval of such Final Plat (collectively, such documents are referred to, with respect to each Takedown, as the "**Final Subdivision Documents**" and together with the Existing Entitlement Documents, collectively, the '**Entitlements**" for such Takedown). The Final Subdivision Documents shall substantially comply with the Final Lotting Diagram, and shall provide that each of the Lots are approximately 50 feet wide by approximately 110 feet deep, with a building envelope on not less than 40' wide (after taking into consideration applicable setbacks), and the Final Subdivision Documents shall not impose new or additional requirements upon Buyer the cost of which is expected to exceed $3,000 for any Lot. Seller shall use commercially reasonable efforts to have the Entitlements for each Takedown, respectively, to be approved by the Authorities and recorded as necessary in the County Records with applicable governmental or third-party appeal or challenge periods applicable to an approval decision of the Board of Commissioners or Planning Commission having expired without any appeal then-pending ("**Final Approval**"). Seller shall use commercially reasonable efforts to obtain Final Approval of the Entitlements for the Takedown 1 Lots on or before nine (9) months after the expiration of the Diligence Period (or any extensions thereof). If Final Approval of the Entitlements for the Takedown 1 Lots has not been achieved as aforesaid on or before nine (9) months after the expiration of the Diligence Period (or any extensions thereof), then Seller, in its discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months after the initial nine (9) month period. If Seller extends the time period for obtaining such Final Approval for the Takedown 1 Lots, then during such extended time period Seller shall continue to use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract, but the Purchaser may as its sole remedy hereunder terminate this Contract as to such Takedown and any remaining Takedowns by written notice to Seller, delivered within ten (10) business days after the end of the time period as extended for obtaining such Final Approval, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser. Failure to give notice as described above shall be an irrevocable waiver of Purchaser's right to terminate this Contract due to Seller's failure to obtain Final Approval of the Entitlements for the Takedown 1 Lots. The timing for Final Approval of the Entitlements for Takedowns after Takedown 1 is as set forth in Section 6(b)(i) hereof. During the approval process, Seller shall keep Purchaser reasonably informed of the process and the anticipated results therefrom. Purchaser, at no material cost to Purchaser (other than costs incurred to obtain services that could reasonably be performed or provided in-house), shall reasonably cooperate with Seller in Seller's efforts to obtain Final Approval of the Entitlements by the County.

(iii) Lot Minimums for each Takedown. The Final Plat(s) for the Property and the Lots are anticipated to be in a form which is substantially consistent, with the Final Lotting Diagram, subject to changes made necessary by the Authorities and/or final engineering decisions which are necessary to properly engineer, design, and install the improvements in accordance with the requirements of the County and other applicable Authorities.

(iv) Recordation of Final Plat. At or before each Closing, Seller shall have caused to be recorded the Final Plat that includes the Lots that are to be purchased at that Closing. Seller shall be responsible for providing to the County the bond or other financial assurance that is required by the County to record each Final Plat.

(b) Offsite Infrastructure. Seller shall cause Rangeview and/or the District to install and construct in a commercially reasonable manner, and diligently pursue to substantial completion the offsite infrastructure improvements that are identified and described on **Exhibit D** attached hereto and incorporated herein by this reference (collectively, the "**Offsite Infrastructure Improvements**"). The Offsite Infrastructure Improvements will be completed in a good, workmanlike and lien-free manner, in accordance with the CDs, applicable laws, codes, regulations and governmental requirements for the Development and the requirements of this Agreement. Seller shall or shall cause Rangeview and/or the District, using commercially reasonable efforts, to have the Offsite Infrastructure Improvements Substantially Complete in accordance with the Schedule set forth on **Exhibit D**, subject to Force Majeure, which schedule will substantially conform to the timing set forth in clause (10) of Section 5(c)(ii) below. Rangeview will be constructing a new wastewater reclamation facility ("**WWRF**") for the Development. Seller shall provide evidence to Purchaser that Rangeview has received the necessary authorizations from the Water Quality Control Division of the Colorado Department of Public Health and Environment and from the County to construct the WWRF, and has awarded a contract for the construction of the WWRF. Without limiting the generality of the foregoing, Purchaser specifically acknowledges and agrees that the WWRF currently planned as an Offsite Infrastructure Improvement will not be Substantially Complete on or before the date that Purchaser obtains its first building permit for a Lot. Therefore, Seller shall provide, at Seller's sole cost, a temporary alternative service for the processing of wastewater sufficient for the issuance of building permits and certificates of occupancy consisting of two sequential batch reactor basins with a combined volume of 500,0000 gallons, along with appurtenant facilities to mitigate the development of odors, that Rangeview's engineer will certify as having been constructed in accordance with approved plans and specifications (the "**Alternative Service**"). The Alternative Service shall be operational on the date that Purchaser obtains its first building permit for a Lot, and shall continue in operation until such time as the WWRF is Substantially Complete. Funding for the Alternative Service shall be included in an Offsite Infrastructure Escrow Agreement. Seller will give Purchaser written notice ("**Completion Notice**") when each Offsite Infrastructure Improvement is Substantially Complete. During the construction process, Seller shall keep Purchaser reasonably informed of the progress of the construction of the Offsite Infrastructure. The term "**Substantially Complete**" or "**Substantial Completion**" means that the improvements have been completed in accordance with the CD's subject to certain limitations and other provisions set forth in Section 4.5.1 of the Lot Development Agreement. Seller and/or Rangeview shall be responsible for obtaining final acceptance by the County and any other applicable Authority having jurisdiction in accordance with the requirements of the County or other Authority. As an addition to Purchaser's Condition Precedent, Seller or Rangeview shall on or before the First Closing (i) have substantially completed the CDs for the Offsite Infrastructure Improvements; (ii) have obtained development permits for the Offsite Infrastructure Improvements; (iii) have let the contracts for installation of the Offsite Infrastructure Improvements and (iv) have deposited funds into a controlled disbursement account pursuant to one or more agreements (each an "**Offsite Infrastructure Escrow Agreement**" and in the plural "**Offsite Infrastructure Escrow Agreements**") equal to the contracted cost to Substantially Complete the Offsite Infrastructure Improvements which Seller and/or Rangeview shall have the right to draw upon to pay for such Offsite Infrastructure Improvements as constructed. The form of the Offsite Infrastructure Escrow Agreement shall be subject to Purchaser's review and approval during the Due Diligence Period and if Purchaser is not satisfied with such agreement for any reason, then Purchaser's sole remedy shall be to terminate this Contract under Section 10(a) and if Purchaser does not so terminate this Contract then the Offsite Infrastructure Escrow Agreement(s) shall be deemed approved. At Closing the Purchaser shall become a party by joinder to the Offsite Infrastructure Escrow Agreements solely with respect to remedies for a Seller default in timely completing the Offsite Infrastructure Improvements (Seller and Purchaser agree that the Offsite Infrastructure Escrow Agreement will provide Purchaser the first right to step-in and complete the Off-site Infrastructure Improvements. In the event that Seller does not complete any Offsite Infrastructure Improvements by the required date (subject to Force Majeure), the Purchaser and all other purchasers of Lots in the Development shall have the right as their remedy to withdraw the necessary funds out of such escrow to cause completion of the applicable Offsite Infrastructure Improvements. Seller shall deliver such Offsite Infrastructure Escrow Agreements to Purchaser within 15 days following the Effective Date. Seller is not obligated to install any amenities related to the Community Park as part of the Offsite Infrastructure or the Finished Lot Improvements, but Seller and Purchaser agree to use good faith efforts during the Due Diligence Period to establish the timing, financing other relevant details pertaining to the installation of amenities on the Community Park.

(c) Finished Lot Improvements/Lot Development Agreement.

(i) At the First Closing, Purchaser and Seller shall enter into the Lot Development Agreement in the form attached as **Exhibit F** of this Contract obligating Seller to construct and install the Finished Lot Improvements as described on **Exhibit C** attached hereto.

(ii) The Lot Development Agreement includes, without limitation, provisions that provide for the following: (1) phased completion of the Offsite Infrastructure Improvements and the Finished Lot Improvements consisting of two phases with respect to the Takedown 1 Lots and two subsequent phases with respect to the Takedown 2 Lots for a total of four phases; (2) the payment of the Deferred Purchase Price by Purchaser as follows: For each phase, one-half of the Deferred Purchase Price for the Lots in that phase shall be paid to Seller upon substantial completion and construction acceptance by Rangeview of that portion of the Finished Lot Improvements consisting of the water, sanitary sewer and storm sewer infrastructure that is necessary to serve the Lots in that phase, and the remaining one-half of the Deferred Purchase Price for the Lots in that phase shall be paid to Seller upon substantial completion of the balance of Finished Lot Improvements that serve that phase to the extent necessary to obtain building permits; (3) Seller's and/or the District's obligation to post surety as required by the County in connection with such phases; (4) provisions regarding Seller's and/or the District's agreements with the contractors who will construct the Finished Lot Improvements; (5) Seller's and/or the District's warranty obligations, as provided on **Exhibit C**; (6) Seller's obligation to obtain lien waivers and to discharge mechanics liens related to construction of the Finished Lot Improvements; (7) Purchaser step-in rights in the event of a Seller and/or District default (as defined in the Lot Development Agreement); (8) a license from Purchaser to permit construction of the Finished Lot Improvements and performance of other related activities on the Lots; (9) Seller's obligation to pay construction costs in excess of the Deferred Purchase Price; and (10) a schedule providing for the first phase to be Substantially Completed ten (10) months after the First Closing, with the second phase to be Substantially Completed nine (9) months after Substantial Completion of the first phase, with the third phase to be Substantially Completed nine (9) months after the Second Closing and the fourth phase to be Substantially Completed nine (9) months after Substantial Completion of the third phase, all subject to Force Majeure, and all subject to the terms and conditions of Lot Development Agreement. The Seller, Purchaser, other builder(s) affected by any improvements to be constructed under the Lot Development Agreement that serve or benefit the Lots and other property that is to be acquired by such other builder(s) ("**Joint Improvements**") and the Title Company will at Closing execute a "**Joint Improvements Memorandum**" that describes the rights and obligations of Seller, Purchaser, such other builder(s) and Title Company and such document will supplement the Lot Development Agreement regarding the installation and construction of any Joint Improvements. The form of the Joint Improvements Memorandum shall be agreed upon during the Inspection Period and attached to the Lot Development Agreement as Exhibit J thereto. If such Joint Improvements Memorandum is not agreed upon during the Due Diligence Period, then the Purchaser shall as its sole remedy, has the right to terminate the Contract prior to the expiration of the Due Diligence Period, in which event the Initial Deposit shall be returned to Purchaser as provided in Section 10(a) hereof.

(iii) After obtaining Final Approval of all necessary Entitlements for the applicable Lots, Seller acting as the constructing party under the Lot Development Agreement shall commence and diligently pursue completion or cause to be completed for the Lots being purchased and acquired by Purchaser at each Closing, subject to Force Majeure, the Finished Lot Improvements in accordance with the phasing, provisions and schedules of the Lot Development Agreement and all applicable laws, codes, regulations and governmental requirements for the Lots. Seller will notify Purchaser when each phase of the Finished Lot Improvements have been Substantially Completed. Seller's failure to comply with the foregoing covenant shall not constitute a default hereunder unless and until such failure shall constitute an event of default (as defined in the Lot Development Agreement) under the Lot Development Agreement.

(iv) In order to secure Purchaser's obligation following each Closing to pay the Deferred Purchase Price in accordance with the terms of this Contract and the payment schedule set forth in the Lot Development Agreement as described in Section 5(c) of this Contract, at each Closing, Purchaser shall deliver to Title Company, acting as escrow agent, a letter of credit issued by HomeAmerican Mortgage Corporation in the form attached hereto as **Exhibit G** (the "**Letter of Credit**") and in an amount equal to the sum of the Deferred Purchase Price for all of the Lots acquired by Purchaser at such Closing, plus the estimated Escalator thereon in an amount equal to $1,350.00 per Lot acquired at the Second Closing with respect to the Letter of Credit delivered at the Second Closing. Title Company shall hold and maintain the Letter of Credit pursuant to this Agreement in an escrow account established by Title Company for the benefit of Seller and Purchaser. The Letter of Credit for each Closing shall remain in place until the final payment of the Deferred Purchase Price applicable to such Closing has been made to the Seller following Substantial Completion of the Finished Lot Improvements which serve the Lots acquired by Purchaser at such Closing. If the Letter of Credit is scheduled to expire prior to the Substantial Completion of all of such Lots, and Purchaser has not renewed the Letter of Credit at least fifteen (15) days prior to the expiration date thereof, Title Company is authorized and directed to draw down the full amount of the Letter of Credit and deposit such funds in escrow to be used solely for the payment of any unpaid Deferred Purchase Price. The Letter of Credit may provide that it shall be reduced from time to time to the extent of payments of the Deferred Purchase Price in Good Funds are made by Purchaser for Finished Lot Improvements in accordance with the terms, including the payment schedule, set forth in the Lot Development Agreement and Section 5(c) of this Agreement. The Letter of Credit for each Closing shall be returned to Purchaser, together with an executed reduction certificate reducing the face amount thereof to $0.00, upon payment in full of the Deferred Purchaser Price for all of the Lots in such Closing. Failure by Purchaser to pay any portion of the Deferred Purchase Price when the same shall become due and payable, provided that at such failure continues for a period of ten days after the delivery of written notice thereof from Seller to Purchaser, shall entitle Seller to enforce the collection of the delinquent Deferred Purchase Price by drawing upon the Letter of Credit or having the Title Company draw upon the Letter of Credit, and in either event the funds so drawn shall be paid to Seller as payment of any unpaid Deferred Purchase Price and such failure to pay shall be deemed cured. If Seller or Title Company is unable to draw upon the Letter of Credit, Seller may protect and enforce its rights under this Agreement pertaining to payment of the Deferred Purchase Price by (i) such suit, action, or special proceedings as Seller shall deem appropriate, including, without limitation, any proceedings for the specific performance of any covenant or agreement contained in this Agreement and the Lot Development Agreement or the enforcement of any other appropriate legal or equitable remedy, or for the recovery of actual damages (excluding consequential, punitive damages or similar damages) caused by Purchaser's failure to pay the Deferred Purchase Price, including reasonable attorneys' fees, and (ii) enforcing Seller's lien rights under the Lot Development Agreement. Seller's remedies are non-exclusive. The foregoing provisions regarding the Letter of Credit as security for payment of the Deferred Purchase Price shall be included in the Lot Development Agreement in the form of escrow instructions.

6. Pre-Closing Conditions

(a) Seller's Conditions. Seller's obligations to close the First Closing hereunder are contingent upon satisfaction of the following condition ("**Seller's Condition Precedent**"): (i) that Purchaser and other homebuilders are under contract to purchase at least 200 of the residential lots in the Development, and close the initial purchase of lots under some or all of such purchase and sale agreements as determined by Seller simultaneously. If for any reason, other than Seller's fault or exercise of its discretion, Seller's Condition Precedent is not satisfied on or before the date of the First Closing, Seller may terminate this Contract (in which event the Deposit shall be returned to Purchaser), or elect, by written notice to Purchaser at least ten (10) days before the First Closing, to waive the condition and proceed to Closing for the applicable Lots for the applicable Takedown, or elect to extend the applicable deadline and the Closing for the applicable Lots for a period of time not to exceed 60 days by giving written notice to Purchaser on or before the respective deadlines set forth above for the applicable Takedown, during which time Seller shall use commercially reasonably efforts to cause such conditions to be satisfied.

(b) Purchaser's Conditions. It shall be a condition precedent to Purchaser's obligation to close each Takedown, that the following conditions ("**Purchaser's Conditions Precedent**") have been satisfied:

(i) Final Approval of the Entitlements (which Entitlements shall be as required by Section 5(a) of this Agreement) for each respective Takedown by the County and all other applicable Authorities and recordation of the Final Plat thereof and such other Entitlements in the County Records as may be required by the County on or before the applicable Closing Date, as the same may be extended.

(ii) Seller's representations and warranties set forth herein shall be materially true and correct as of each Closing;

(iii) The Title Company shall be committed to issue to Purchaser the applicable Title Policy with the endorsements as Purchaser may request and the Title Company agrees in writing to issue prior to the expiration of the Due Diligence Period, subject only to the Permitted Exceptions accepted by Purchaser in accordance with the provisions of this Contract.

(iv) Purchaser obtaining AMC Approval on or before the expiration of the Due Diligence Period. The delivery of a Continuation Notice to Seller shall be deemed to include AMC Approval;

(v) Seller's delivery to Purchaser of satisfactory approval, in writing, of Purchaser's House Plans as provided in Section 12(d)(i) of this Contract; and

(vi) Purchaser shall have received letters from the appropriate Authorities that the Lots have water and sewer tap commitments sufficient for Purchaser's intended build-out of the Lots, subject to the payment of tap fees and contingent upon completion of the necessary water and sewer infrastructure.

If the Purchaser's Conditions Precedent are not satisfied on or before each respective Closing Date of other applicable date specified above, Purchaser may: (1) waive the unfulfilled Purchaser's closing condition, (2) extend the applicable Closing Date for up to thirty (30) days to allow more time for Seller to satisfy the unfulfilled Purchaser's Condition Precedent, or (3) as its sole remedy hereunder terminate this Contract as to such Takedown and any remaining Takedowns by written notice to Seller, delivered on or before two (2) business days after the applicable Closing Date, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit made by Purchaser that has not been applied to the Purchase Price for Lots already acquired by Purchaser shall be returned to Purchaser. If Purchaser elects to extend the Closing Date under (2) and the unsatisfied Purchaser's Condition Precedent is not satisfied as of the last day of the thirty (30) day extension period, then Purchaser shall, as its sole remedy, elect to waive or terminate under (1) or (3). Failure to give notice as described above shall be an irrevocable waiver of Purchaser's right to terminate this Contract as to the affected Takedown pursuant to this Section 6(a).

(c) Moratorium. After the Effective Date and prior to each Closing, if any state, county, city, public school district, or other Authority declares or effects any moratorium or other limitation ("**Moratorium**") on: (a) the issuance permits for the construction of infrastructure to serve the Lots, building permits for the construction of houses or Certificates of Occupancy for those houses; (b) the purchase of sewer and/or water taps; or (c) the processing of any engineering, architecture or other plans or documents necessary for the construction of residential units or infrastructure improvements to serve such residential units, which Moratorium is applicable to the Lots, then, in such event, Purchaser shall have the right to terminate this Contract by delivery of written notice of termination to the Seller. In the event of such termination by Purchaser, that portion of the Deposit then on deposit shall be refunded to Purchaser.

7. Closing. "**Closing**" shall mean the delivery to the Title Company of all applicable documents and funds required to be delivered pursuant to Section 8 hereof and unconditional authorization of the Title Company to disburse, deliver and record the same. The purchase of Lots at the closing of a Takedown shall be deemed to be "**Closed**" when the documents and funds required to be delivered pursuant to Section 8 hereinafter have been delivered to the Title Company, and the Title Company agrees to unconditionally to disburse, deliver and record the same.

8. Closings; Closing Procedures

(a) On each respective Closing Date, Purchaser shall purchase the number of Lots that Purchaser is obligated to acquire hereunder in the applicable Takedown.

(b) Closing Dates. The date of the First Closing of the purchase and sale of the Takedown 1 Lots shall be the date that is ten (10) days after the date that Final Approval of the Entitlements is obtained. Such date of Closing is herein referred to as the "**Takedown 1 Closing Date**." The date of the Second Closing of the purchase and sale of the Takedown 2 Lots (the "**Takedown 2 Closing**") shall be the date that eighteen (18) months after the Takedown 1 Closing Date or such other date to which Seller and Purchaser may mutually agree. Such date of Closing is herein referred to as the "**Takedown 2 Closing Date**." The term "**Closing Date**" may be used to refer to each of the Takedown 1 Closing Date and the Takedown 2 Closing Date. If Purchaser desires to accelerate any of the Closing Dates, Purchaser may request that a Closing Date be accelerated, and if Seller is willing to do so in its sole and absolute discretion, the parties will work together to prepare a mutually acceptable amendment to this Contract and the Lot Development Agreement to accommodate such request. Seller shall have the right to extend the Takedown 1 Closing Date for up to 60 days in order to satisfy Seller's Condition Precedent as provided in Section 6(a) of this Contract.

(c) Closing Place and Time. Each Closing shall be held at 11:00 a.m. on the applicable Closing Date at the offices of the Title Company or at such other time and place as Seller and Purchaser may mutually agree.

(d) Closing Procedures. Each purchase and sale transaction shall be consummated in accordance with the following procedures:

(i) All documents to be recorded and funds to be delivered hereunder shall be delivered to the Title Company to hold, deliver, record and disburse in accordance with closing instructions approved by Purchaser and Seller;

(ii) At each Closing, Seller shall deliver or cause to be delivered in accordance with the closing instructions the following:

(1) A special warranty deed conveying the applicable portion of the Property to be acquired at such Closing to Purchaser. The special warranty deed shall contain a reservation of easements, minerals, mineral rights and water and water rights, as well as other rights, as set forth on **Exhibit B**. The special warranty deed shall also be subject to non-delinquent general real property taxes for the year of such Closing and subsequent years, District assessments and the Permitted Exceptions.

(2) Payment (from the proceeds of such Closing or otherwise) sufficient to satisfy any encumbrance relating to the portion of the Property being acquired at such Closing, required to be paid by Seller at or before the time of Closing.

(3) A tax certificate or other evidence sufficient to enable the Title Company to ensure the payment of all general real property taxes and installments of District assessments then due and payable for the portion of the Property being acquired at such Closing.

(4) An affidavit, in a form sufficient to comply with applicable laws, stating that Seller is not a foreign person or a foreign corporation subject to the Foreign Investment in Real Property Tax Act, and therefore not subject to its withholding requirements.

(5) A certification or affidavit to comply with the reporting and withholding requirements for sales of Colorado properties by non-residents (Colorado Department of Revenue Form DR-1083).

(6) A Lien Affidavit and Title Company Indemnity.

(7) A partial assignment of declarant rights or builder rights under the Master Covenants, assigning only the following declarant rights (to the extent such rights are not automatically granted to Purchaser as a "builder" by the terms of the Master Covenants) from Seller to Purchaser: to maintain sales offices, construction offices, management offices, model homes and signs advertising the Development and/or Lots, and such other rights to which the parties may mutually agree.

(8) The Tap Purchase Agreement (as defined herein).

(9) A general assignment to Purchaser in the form attached hereto as **Exhibit E** ("**General Assignment**") with respect to the applicable Lots.

(10) An Owner's Affidavit.

(11) The Lot Development Agreement and the Joint Improvements Memorandum executed by Seller.

(12) The Offsite Infrastructure Escrow Agreement(s) executed by Seller ..

(13) Such other documents as may be required to be executed by Seller pursuant to this Contract or the closing instructions.

(iii) At each Closing, Purchaser shall deliver or cause to be delivered in accordance with the closing instructions the following:

(1) The Purchase Price payable at such Closing, computed in accordance with Section 2 above, for the Lots being acquired at such Closing, such payment to be made in Good Funds.

(2) The Tap Purchase Agreement.

(3) The Lot Development Agreement and the Joint Improvements Memorandum executed by Purchaser.

(4) The Offsite Infrastructure Escrow Agreement(s) executed by Purchaser.

(5) All other documents required to be executed by Purchaser pursuant to the terms of this Contract or the closing instructions.

(6) Payment of any amounts due pursuant to Section 16 hereof.

(iv) At each Closing, Purchaser and Seller shall each deliver an executed settlement statement, which shall set forth all prorations, disbursements of the Purchase Price and expenses applicable to such Closing;

(v) The following adjustments and prorations shall be made between Purchaser and Seller as of each Closing:

(1) Real property taxes and installments of District assessments, if any, for the applicable portion of the Property for the year in which the Closing occurs shall be prorated based upon the most recent known rates, mill levy and assessed valuations; and such proration shall be final.

(2) Seller shall pay real property taxes and District assessments for years prior to the year in which the Closing occurs.

(3) Purchaser shall pay any and all recording costs and documentary fees required for the recording of the deed.

(4) Seller shall pay the base premium for the Title Policy and for any endorsement Seller agrees to provide to cure a Title Objection, and Purchaser shall pay the premium for any other endorsements requested by Purchaser in accordance with Section 4 above, including an extended coverage endorsement.

(5) Each party shall pay one-half (1/2) of any closing or escrow charges of the Title Company.

(6) All other costs and expenses not specifically provided for in this Contract shall be allocated between Purchaser and Seller in accordance with the customary practice of commercial real estate transactions in Arapahoe County, Colorado.

(vi) Possession of the applicable portion of the Property being acquired at each Closing shall be delivered to Purchaser at such Closing, subject to the Permitted Exceptions.

9. Seller's Delivery of Title. At each Closing, Seller shall convey title to the applicable portion of the Property, together with the following items, to the extent that they have been approved, or are deemed to have been approved by Purchaser pursuant to the terms of this Contract (collectively, the "**Permitted Exceptions**"):

(a) all easements, agreements, covenants, restrictions, rights-of-way and other matters of record that affect title to the Property as disclosed by the Master Commitment or any Takedown Commitment, or otherwise, to the extent that such matters are approved or deemed approved by Purchaser in accordance with Section 4 above or otherwise approved by Purchaser (unless otherwise identified herein as an obligation, fee or encumbrance to be assumed by Purchaser or which is otherwise identified herein as a Purchaser obligation which survives such Closing, the foregoing items, however, shall not include any mortgages, deeds of trust, mechanic's liens or judgment liens arising by, through or under Seller, which monetary liens Seller shall cause to be released or fully insured over by the Title Company, to the extent they affect any portion of the Property, on or prior to the date that such portion of the Property is conveyed to Purchaser);

(b) the Entitlements, including without limitation, the Final Plat applicable to the Property being acquired at such Closing and all easements and other terms, agreements, provisions, conditions and obligations as shown thereon;

(c) the Master Covenants;

(d) the inclusion of the Property into the Sky Ranch Metropolitan District No. 5 (the "**District**") and such other special improvement districts or metropolitan districts as may be disclosed by the Master Commitment or any Takedown Commitment delivered to Purchaser pursuant to this Contract;

(e) a Public Improvement Fee Covenant with respect to construction and installation of eligible public improvements on the Property, which imposes a public improvement fee equal to a percentage (the "**PIF Percentage**") of all sales that occur on the Property that is one percentage point less than the total sales tax imposed on taxable sales occurring in that portion of the City of Aurora, Colorado located within the boundaries of the County and the PIF Percentage of the cost of building materials (the "**Public Improvement Fee**" or "**PIF**"). The PIF will be collected by (i) all sellers or providers of goods or services who engage in any PIF sales transactions within those portions of the Development subject to the PIF Covenant from the purchaser or recipient of such goods or services and (ii) by all homebuilders, and then will be paid over to the PIF collection agent. The PIF collection agent will receive and remit the Public Improvement Fee to the Seller or District. PIF sales shall not include the sale of residential improvements or any goods incident to the sale of residential improvements.

(f) a reservation of water and mineral rights as set forth on **Exhibit B** hereof;

(g) applicable zoning and governmental regulations and ordinances;

(h) title exceptions, encumbrances, or other matters arising by, through or under Purchaser;

(i) items apparent upon an inspection of the Property or shown or that would be shown on an accurate and current survey of the Property; and

(j) any Permissible New Exception and any other document required or permitted to be recorded against the Property in the County Records pursuant to the terms of this Contract.

10. Due Diligence Period; Acceptance of Property; Release and Disclaimer.

(a) Feasibility Review. Within five (5) business days following the Effective Date, Seller shall deliver or make available (at Seller's office or via electronic file share) to Purchaser the following listed items to the extent in Seller's actual possession; if an item listed below is not in Seller's possession and not delivered or made available to Purchaser, but is otherwise readily available to Seller, then Purchaser may make written request to Seller to provide such item, and Seller will use its reasonable efforts to obtain and deliver or make such item available to Purchaser, but Seller will have no obligation otherwise to obtain any item not in Seller's possession: (i) any environmental reports, soil reports and certifications pertaining to the Lots, (ii) a copy of any subdivision plat for the Property, (iii) engineering and construction plans pertaining to the Lots, (iv) grading, drainage, hydrology and other engineering reports and plans and engineering and constructions plans for offsite improvements that are required to obtain building permits/certificates of occupancies for single-family detached residences constructed on the Lots; (v) any PUD, Development Agreement, Site Development Plans and other approvals pertaining to the Lots particularly and the Development generally; (vi) any Special District Service Plans; (vii) any existing ALTA or other boundary Survey of the Property; and (viii) copies of any subdivision bonds or guarantees applicable to the Lots (collectively, the "**Seller Documents**"). Purchaser shall have a period expiring sixty (60) calendar days following the Effective Date of this Contract within which to review the same (the "**Due Diligence Period**"). During the Due Diligence Period, Purchaser shall have an opportunity to review and inspect the Property, all Seller Documents and any and all factors deemed relevant by Purchaser to its proposed development and the feasibility of Purchaser's intended uses of the Property, including without limitation architectural approvals, in Purchaser's sole and absolute discretion (the "**Feasibility Review**"). The Feasibility Review shall be deemed to have been completed to Purchaser's satisfaction only if Purchaser gives written notice to Seller of its election to continue this Contract ("**Continuation Notice**") prior to the expiration of the Due Diligence Period. If Purchaser fails to timely give a Continuation Notice or if Purchaser gives a notice of its election to terminate, this Contract shall automatically terminate, the Initial Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 24 below.

(i) Asset Management Committee Approval. On or before the expiration of the Due Diligence Period, Purchaser shall have obtained the written approval of the Board of Directors of M.D.C. Holdings, Inc. ("**MDC**") or MDC's Asset Management Committee ("**AMC Approval**"), to issue a Continuation Notice for the transaction contemplated hereunder, and if Purchaser delivers a Continuation Notice or otherwise elects not to terminate this Agreement on or before the expiration of the Due Diligence Period, then Purchaser will be deemed to have obtained such approval and satisfied this condition to Builder's obligation to Close;

(b) Approval of Property. If Purchaser gives a Continuation Notice on or before the expiration of the Due Diligence Period, except as otherwise provided in this Section 10, Purchaser shall be deemed to have approved the Property, the Development and the feasibility of Purchaser's intended uses of the Lots (subject to the terms and conditions of Section 5(b) and Section 5(c) hereof). Such approval shall be deemed to include, but shall not be limited to, Purchaser's approval of the following as to the Property:

(i) The ability of applicable utility companies to provide utility services to the Property, including the quality, sizing and cost of such services;

(ii) The soil and environmental conditions of the Property;

(iii) All Seller Documents delivered to Purchaser pursuant to this Contract;

(iv) All of the Permitted Exceptions;

(v) The financial condition and other factors relevant to the operation of the District;

(vi) Any property owners' association to be established pursuant to the terms of the Master Covenants; and

(vii) Fitness for Purchaser's intended use, accessibility of roads, and the condition and suitability for improvement and sale of the Lots, subject to Seller's obligations under this Contract.

(c) Radon. Purchaser acknowledges that radon gas and naturally occurring radioactive materials ("**NORM**") each naturally occurs in many locations in Colorado. The Colorado Department of Public Health and Environment and the United States Environmental Protection Agency (the "**EPA**") have detected elevated levels of naturally occurring radon gas in residential structures in many areas of Colorado, including the County and all of the other counties along the front range of Colorado. The EPA has raised concerns with respect to adverse effects on human health from long-term exposure to high levels of radon and recommends that radon levels be tested in all Residences. Purchaser acknowledges that Seller neither claims nor possesses any special expertise in the measurement or reduction of radon or NORM. Purchaser further acknowledges that Seller has not undertaken any evaluation of the presence or risks of radon or NORM with respect to the Property nor has it made any representation or given any other advice to Purchaser as to acceptable levels or possible health hazards of radon and NORM. SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRESENCE OR ABSENCE OF RADON, NORM OR OTHER ENVIRONMENTAL POLLUTANTS WITHIN THE PROPERTY OR THE RESIDENCES TO BE CONSTRUCTED ON THE LOTS OR THE SOILS BENEATH OR ADJACENT TO THE PROPERTY OR THE RESIDENCES TO BE CONSTRUCTED ON THE LOTS PRIOR TO, ON OR AFTER THE CLOSING DATE. Purchaser, on behalf of itself and its successors and assigns, hereby releases the Seller from any and all liability and claims with respect to radon gas. Every home sales contract entered in to by Purchaser with respect to subsequent sales of Lots shall include any disclosures with respect to radon as required by applicable Colorado law.

(d) Soils. Purchaser acknowledges that soils within the State of Colorado consist of both expansive soils and low-density soils, and certain areas contain potential heaving bedrock associated with expansive, steeply dipping bedrock, which will adversely affect the integrity of a dwelling unit constructed on a Lot if the dwelling unit and the Lot on which it is constructed are not properly maintained. Expansive soils contain clay mineral, which have the characteristic of changing volume with the addition or subtraction of moisture, thereby resulting in swelling and/or shrinking soils. The addition of moisture to low-density soils causes a realignment of soil grains, thereby resulting in consolidation and/or collapse of the soils. Purchaser agrees that it shall obtain a current geotechnical report for the Property and an individual lot soils report for each Lot containing design recommendations from a licensed geotechnical engineer for all structures to be placed upon the Lot. Purchaser shall require all homes to have engineered footing and foundations consistent with results of the individual lot soils report for each Lot and shall take reasonable action as shall be necessary to ensure that the homes to be constructed upon the Lots shall be done in accordance with proper design and construction techniques. Purchaser shall also provide a copy of the geotechnical report for the Property and the individual lot soils report for each Lot to Seller within seven (7) days after Seller's request for the same, and agrees in the event that this Contract terminates for any reason Purchaser shall use reasonable efforts to assign, without liability or recourse to Purchaser, at Seller's request, the geotechnical report for the Property and the individual lot soils report for each Lot to any subsequent homebuilder who enters into a purchase and sale agreement with Seller to purchase all of a portion of the Lots. SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRESENCE OR ABSENCE OF EXPANSIVE SOILS, LOW-DENSITY SOILS OR DIPPING BEDROCK UPON THE PROPERTY AND PURCHASER SHALL UNDERTAKE SUCH INVESTIGATION AS SHALL BE REASONABLE AND PRUDENT TO DETERMINE THE EXISTENCE OF THE SAME. Purchaser shall provide all disclosures required by C.R.S. Section 6-6.5-101 in every home sales contract entered in to by Purchaser with respect to subsequent sales of a Lot to a homebuyer. Purchaser, on behalf of itself and its successors and assigns, hereby releases the Seller from any and all liability and claims with respect to expansive and low-density soils and dipping bedrock located within the Property.

(e) Over Excavation. The Finished Lot Improvements required for each Lot do not include any "over excavation" or comparable preparation or mitigation of the soil (the "**Overex**") on the Property and Purchaser shall have sole responsibility at Purchaser's sole expense with respect to the Overex and shall have the right (pursuant to a license agreement to be provided by Seller) to enter such Lots for the purposes of performing the Overex; provided, however, that such entry shall be performed in a manner that does not materially interfere with or result in a material delay or an increase in the costs or any expenses in the construction of the Finish Lot Improvements, and provided further that Purchaser shall promptly repair any portion of the Lots and adjacent property that is materially damaged by Purchaser or its agents, designees, employees, contractors, or subcontractors in performing the Overex. Purchaser shall obtain, at its cost, a current geotechnical report for the Property and an individual lot soils report for each Lot containing design recommendations from a licensed geotechnical engineer for all structures to be placed upon the Lot ("**Purchaser's Geotechnical Reports**") shall not rely upon any geotechnical or soils report furnished by Seller, and Seller shall have no responsibility or liability with respect to the Overex, Purchaser's Geotechnical Reports or any matters related thereto. The parties shall reasonably cooperate in coordinating Purchaser's completion of the Overex so that the Overex can be properly sequenced with Seller's completion of the Finished Lot Improvements. In no event shall the Seller be liable to Purchaser for any delay or costs or damages incurred by Purchaser with respect to such Overex, even if caused by any delay in installation of Finished Lot Improvements sequenced ahead of the Overex. THE PARTIES ACKNOWLEDGE AND AGREE THAT SELLER IS NOT PERFORMING ANY OVER-EXCAVATION OF THE LOTS AND THAT SELLER SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO OR ARISING OUT OF ANY OVER-EXCAVATION OF THE LOTS OR EXPANSIVE SOILS PRESENT ON THE LOTS AND SELLER EXPRESSLY DISCLAIMS ANY LIABILITY WITH RESPECT TO ANY OVER-EXCAVATION OF THE LOTS AND EXPANSIVE SOILS PRESENT ON THE LOTS.

(f) No Reliance on Documents. Except as expressly stated in this Contract and/or expressly set forth in the documents executed by Seller at Closing, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information (including, without limitation, the Seller Documents) delivered by Seller or its brokers or agents to Purchaser in connection with the transaction contemplated hereby. Except as otherwise provided in this Contract and/or expressly set forth in the documents executed by Seller at Closing, all materials, data and information delivered by Seller to Purchaser in connection with the transaction contemplated hereby are provided to Purchaser as a convenience only and any reliance on or use of such materials, data or information by Purchaser shall be at the sole risk of Purchaser, except as otherwise expressly stated herein. The Seller Parties shall not be liable to Purchaser for any inaccuracy in or omission from any such reports. Purchaser hereby represents to Seller that, to the extent Purchaser deems the same to be necessary or advisable for its purposes, and without waiving the right to rely upon the covenants, agreements, representations and warranties expressly contained in this Agreement and/or expressly set forth in the documents executed by Seller at Closing: (i) Purchaser has performed or will perform an independent inspection and investigation of the Lots and has also investigated or will investigate the operative or proposed governmental laws, ordinances and regulations to which the Lots may be subject, and (ii) Purchaser shall acquire the Lots solely upon the basis of its own or its experts' independent inspection and investigation, including, without limitation, (a) the quality, nature, habitability, merchantability, use, operation, value, fitness for a particular purpose, marketability, adequacy or physical condition of the Lots or any aspect or portion thereof, including, without limitation, appurtenances, access, landscaping, parking facilities, electrical, plumbing, sewage, and utility systems, facilities and appliances, soils, geology and groundwater, (b) the dimensions or sizes of the Lots, (c) the development or income potential, or rights of or relating to, the Lots, (d) the zoning or other legal status of the Lots or any other public or private restrictions on the use of the Lots, (e) the compliance of the Lots with any and all applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions, (f) the ability of Purchaser to obtain any necessary governmental permits for Purchaser's intended use or development of the Lots, (g) the presence or absence of Hazardous Materials on, in, under, above or about the Lots or any adjoining or neighboring property, (h) the condition of title to the Lots, or (i) the economics of, or the income and expenses, revenue or expense projections or other financial matters, relating to the Lots, except as provided in any express representations/warranties and/or covenants contained in this Contract.

(g) As Is. Except for Seller’s Representations (as defined in Section 11 hereof) and Seller’s performance of its obligations under this Contract, Purchaser acknowledges and agrees that it is purchasing the Property based on its own inspection and examination thereof, and Seller shall sell and convey to Purchaser and Purchaser shall accept the property on an “AS IS, WHERE IS, WITH ALL FAULTS, LIABILITIES, AND DEFECTS, LATENT OR OTHERWISE, KNOWN OR UNKNOWN” basis in an "AS IS" physical condition and in an "AS IS" state of repair (subject to the Finished Lot Improvements obligation set forth in Section 5(b) hereof). Except as expressly contained in this Contract, the special warranty deed to be delivered at each Closing and Seller’s Representations, to the extent not prohibited by law the Purchaser hereby waives, and Seller disclaims all warranties of any type or kind whatsoever with respect to the Property, whether express or implied, direct or indirect, oral or written, including, by way of description, but not limitation, those of habitability, fitness for a particular purpose, and use. Without limiting the generality of the foregoing, Purchaser expressly acknowledges that, except as otherwise provided in this Contract, the Seller’s Representations, the special warranty deed to be delivered at each Closing, Seller makes no representations or warranties concerning, and hereby expressly disclaims any representations or warranties concerning the following: (i) The value, nature, quality or condition of the Property; (ii) Any restrictions related to development of the Property; (iii) The applicability of any governmental requirements; (iv) The suitability of the Property for any purpose whatsoever; (v) The presence in, on, under or about the Property of any Hazardous Material or any other condition of the Property which is actionable under any Environmental Law (as such terms are defined in this Section 10; (vi) Compliance of the Property or any operation thereon with the laws, rules, regulations or ordinances of any applicable governmental body; or (vii) The presence or absence of, or the potential adverse health, economic or other effects arising from, any magnetic, electrical or electromagnetic fields or other conditions caused by or emanating from any power lines, telephone lines, cables or other facilities, or any related devices or appurtenances, upon or in the vicinity of the Property.

EXCEPT FOR REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS CONTRACT OR OTHERWISE PROVIDED IN THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, THE OBLIGATIONS OF SELLER UNDER THE LOT DEVELOPMENT AGREEMENT AND THE OFFSITE INFRASTRUCTURE AGREEMENT, AND AND/OR EXPRESSLY SET FORTH IN THE CLOSING DOCUMENTS, SELLER SHALL NOT BE LIABLE TO PURCHASER FOR ANY CONSTRUCTION DEFECT, ERRORS, OMISSIONS, OR ON ACCOUNT OF SOILS CONDITIONS OR ANY OTHER CONDITION AFFECTING THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THOSE MATTERS DESCRIBED ABOVE AND PURCHASER HEREBY FULLY RELEASES SELLER, ITS PARTNERS, EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEYS AND AGENTS (BUT NOT INCLUDING ANY THIRD PARTY PROFESSIONAL SERVICE PROVIDERS [E.G., ENGINEERS, ETC.], CONTRACTORS OR SIMILAR FIRMS OR PERSONS) FROM ANY AND ALL CLAIMS AGAINST ANY OF THEM FOR ANY COST, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION (INCLUDING, WITHOUT LIMITATION, ANY RIGHTS OF CONTRIBUTION) ARISING FROM OR RELATED TO ANY CONSTRUCTION DEFECTS, ERRORS, OMISSIONS, OR OTHER CONDITIONS AFFECTING THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THOSE MATTERS DESCRIBED ABOVE AND INCLUDING ANY ALLEGED NEGLIGENCE OF SELLER.

As used herein, "**Hazardous Materials**" shall mean, collectively, any chemical, material, substance or waste which is or hereafter becomes defined or included in the definitions of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutant" or "contaminant," or words of similar import, under any Environmental Law, and any other chemical, material, substance, or waste, exposure to, disposal of, or the release of which is now or hereafter prohibited, limited or regulated by any governmental or regulatory authority or otherwise poses an unacceptable risk to human health or the environment.

As used herein, "**Environmental Laws**" shall mean all applicable local, state and federal environmental rules, regulations, statutes, laws and orders, as amended from time to time, including, but not limited to, all such rules, regulations, statutes, laws and orders regarding the storage, use and disposal of Hazardous Materials and regarding releases or threatened releases of Hazardous Materials to the environment.

(h) Release. Purchaser agrees that, subject to the Seller's Representations, Seller shall not be responsible or liable to Purchaser for any defects, errors or omissions, or on account of geotechnical or soils conditions or on account of any other conditions affecting the Property, because Purchaser is purchasing the Property AS IS, WHERE-IS, and WITH ALL FAULTS. Purchaser hereby fully releases Seller, Seller's affiliates, divisions and subsidiaries and their respective managers, members, partners, officers, directors, shareholders, affiliates, representatives, employees, consultants and agents (the "**Seller Parties**" and each as a "**Seller Party**") from, and irrevocably waives its right to maintain, any and all claims and causes of action that it or they may now have or hereafter acquire against the Seller Parties for any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to any defects, errors, omissions or other conditions affecting the Property, except to the extent that such loss or other liability results from a breach of this Contract, including the Seller's Representations. Purchaser hereby waives any Environmental Claim (as defined in this Section) which it now has or in the future may have against Seller, provided however, such waiver shall not apply to activities to be performed by the Seller in accordance with the applicable Lot Development Agreement. The foregoing release and waiver shall be given full force and effect according to each of its express terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. The foregoing release and waiver shall not apply to any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to (i) fraud or other intentional misconduct of any Seller Party, or (ii) any claims against contractors or subcontractors (excluding Seller and its affiliates) for construction defects in the Finished Lot Improvements.

As used herein, "**Environmental Claim**" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation, whether written or oral, by any person, organization or agency alleging potential liability, including without limitation, potential liability for enforcement, investigatory costs, cleanup costs, governmental response costs, removal costs, remedial costs, natural resources damages, property damages, including diminution of the market value of the Property or any part thereof, personal injuries or penalties arising out of, based on or resulting from the presence or release into the environment of any Hazardous Materials at any location, or resulting from circumstances forming the basis of any violation or alleged violation of any Environmental Laws, and any and all claims by any person, organization or agency seeking damages, contribution, indemnification, costs, recovery, compensation or injunctive relief resulting from the presence or release of any Hazardous Materials.

(i) Indemnification. Purchaser shall indemnify, defend (with counsel reasonably selected by Purchaser with Seller approval) and hold harmless the Seller Parties of, from and against any and all claims, demands, liabilities, losses, expenses, damages, costs and reasonable attorneys' fees that any of the Seller Parties may at any time incur by reason of or arising out of: (i) any work performed in connection with or arising out of Purchaser's activities, or Purchaser's acts or omissions with respect to any Overex work, (ii) Purchaser's failure to perform its work on the Property in accordance with applicable laws, and (iii) personal injuries or property damages occurring after a Closing by reason of or arising out of the geologic, soils or groundwater conditions on the Lots (such conditions being collectively referred to herein as "**On-Lot Soil Conditions**", (iv) Purchaser's development, construction, use, ownership, management, marketing or sale activities associated with the initial home construction on the Lots (including, without limitation, land development, grading, excavation, trenching, soils compaction and construction on the Lots performed by or on behalf of Purchaser, including, but not limited to, by all subcontractors and consultants engaged by Purchaser), (v) *Intentionally Deleted* (vi) the design, engineering, structural integrity or construction of any homes constructed by Purchaser on the Lots after a Closing, or (vii) any claim asserted by Purchaser's homebuyers or their successors in interest alleging construction defects related to any Overex work performed by Purchaser. The foregoing indemnity obligation of Purchaser includes acts and omissions of Purchaser and all agents, consultants and other parties acting for or on behalf of Purchaser ("**Purchaser Parties**"). Purchaser is not required by this indemnification provision to indemnify the Seller against (A) any claims arising out of or relating to Off-Lot Soil Conditions (defined below) (B) Seller's failure to perform its obligations under this Contract or under any of the Closing documents, (C) Seller's breach of an express warranty or representation set forth in this Contract or in any of the Closing Documents, or (D) claims arising directly from the decisions of Seller acting in its capacity as declarant under the Declaration. Seller shall indemnify, defend (with counsel reasonably selected by Seller with Purchaser approval) and hold harmless the Purchaser Parties of, from and against any and all claims, demands, liabilities, losses, expenses, damages, costs and reasonable attorneys' fees that any of the Purchaser Parties may at any time incur by reason of or arising out of either personal injuries or property damages occurring after a Closing by reason of or arising out of the geologic, soils or groundwater conditions on the Development other than the On-Lot Soil Conditions (such conditions being collectively referred to herein as "**Off-Lot Soil Conditions**"). Seller covenants with Purchaser that Seller has and will include geologic, soils and groundwater provisions in the indemnities Seller obtains from other builders within the Development at least as protective of Seller as provided in this Section.

(j) The provisions of this Section 10 shall survive each Closing and the delivery of each respective deed to the Purchaser. Notwithstanding anything to the contrary contained in the foregoing provisions of this Section 10, the provisions of Sections 10(d) through 10(i), inclusive, will not, under any circumstances, be construed or interpreted as releasing Seller from, and Purchaser hereby reserves, any claim arising out of (a) the express representations of Seller contained in any Closing document or in this Agreement, including, without limitation, the Seller's Representations, (b) Seller's breach of its obligations under the Lot Development Agreement and the Offsite Infrastructure Escrow Agreements.

11. Seller's Representations. Seller hereby represents and warrants to Purchaser as follows (the following Subsections (a) through (i) collectively referred to herein as "**Seller's Representations**"):

(a) Litigation. To Seller's Actual Knowledge (as defined in this Section 11), there is no pending or threatened litigation which could materially adversely affect the Property.

(b) Bankruptcy. There are no attachments, levies, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy, or any other debtor relief actions contemplated by Seller or filed by Seller, or to Seller's knowledge, pending in any current judicial or administrative proceeding against Seller.

(c) Non-Foreign Person. Seller is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and applicable regulations.

(d) Condemnation. Seller has received no written notice of any pending or threatened condemnation or eminent domain proceedings which may affect the Property or any part thereof.

(e) Execution and Delivery. The execution, delivery and performance of this Contract by Seller does not and will not result in a breach of, or constitute a default under, any indenture, loan or credit agreement, mortgage, deed of trust or other agreement to which Seller is a party. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms hereof and thereof.

(f) Default. To Seller's Actual Knowledge, Seller has not defaulted under any covenant, restriction or contract affecting the Property, nor has Seller caused by its act or omission an event to occur which would with the passage of time constitute a breach or default under such covenant, restriction or contract.

(g) Violation of Law. To Seller's Actual Knowledge, Seller has not received any written notice of non-compliance, addressed to Seller, from a regulatory agency that has jurisdiction over the Property with respect to any federal, state or local laws, codes, ordinances or regulations relating to the Property.

(h) Rights. Seller has not granted to any party, other than Purchaser hereunder, any option, contract, right of refusal or other agreement with respect to a purchase or sale of the Property. To Seller's actual knowledge, there are no leases, occupancy agreements, easements, licenses or other agreements which grant third-parties any possessory or usage rights to all or any part of the Property, except as disclosed in the Master Commitment, and Takedown Commitment or the Seller Documents.

(i) Environmental. To Seller's Actual Knowledge, neither Seller nor any third party has used Hazardous Materials on, from, or affecting the Property in any manner which violates federal, state, or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production, or disposal of Hazardous Material, except as may be disclosed in the Seller Documents,.

For purposes of the foregoing, the phrase "**Seller's Actual Knowledge**" shall mean the current, actual, personal knowledge of Mark Harding as President of Seller, without any duty of investigation or inquiry and without imputation of any other person's knowledge. The fact that reference is made to the personal knowledge of the above identified individual shall not render such individual personally liable for any breach of any of the foregoing representations and warranties; rather, Purchaser's sole recourse in the event of any such breach shall be against Seller, and Purchaser hereby waives any claim or cause of action against the above identified individual arising from Seller's Representations. In the event that any information contained in the Seller Documents conflicts with Seller's Representations set forth in this Section, the Seller Documents shall govern and control and such inconsistency shall not constitute a breach by Seller of its Seller's Representations herein. Seller and Purchaser shall notify the other in writing immediately if any Seller's Representation become untrue or misleading in light of information obtained by Seller or Purchaser after the Effective Date. In the event that Purchaser has actual knowledge that any of Seller's Representations are untrue or misleading, or of a breach of any of Seller' Representations prior to the Closing, without the duty of further inquiry, Purchaser shall be deemed to have waived any right of recovery, and Seller shall not have any liability in connection therewith.

Seller's Representations shall survive each respective Closing for a period of six (6) months, except to the extent if any representation that is known by Purchaser or is contained in materials made available to Purchaser that makes Seller's Representations untrue as of such Closing Date and in any such instance Seller's Representations shall not survive Closing.

Seller makes no promises, representations or warranties regarding the construction, installation or operation of any amenities within the Development, including without limitation, club houses, swimming pools and sports courts. To the extent that any development plans, site plans, rendering, drawings, marketing information or other materials related to the Development include, depict or imply the inclusion of any amenities in the Development, they are included only to illustrate possible amenities for the Development that may or may not be built and Purchaser shall not rely upon any such materials regarding the construction, installation or operation of any amenities within the Development.

12. Purchaser's Obligations. Purchaser shall have the following obligations, each of which shall survive each respective Closing and, where noted, termination of this Contract. Notwithstanding any contrary provision set forth in this Contract, Seller shall have the right to enforce said obligations by means of any legal or equitable proceedings including, but not limited to, suit for actual damages and equitable relief:

(a) Master Covenants. Purchaser shall comply with all obligations applicable to Purchaser under the Master Covenants.

(b) Compliance with Laws. With respect to Purchaser's entry onto the Property and following each Closing, Purchaser shall comply with and abide by all laws, ordinances, statutes, covenants, rules and regulations, building codes, permits, association documents and other recorded instruments (as they are from time to time amended, supplemented or changed) which regulate any activities relating to Purchaser's use, ownership, construction, sale or investigation of any Lot or any improvements thereon.

(c) Entry Prior to Closing. From and after the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, and so long as no default by Purchaser exists under this Contract, Purchaser and its agents, employees and representatives shall be entitled to enter upon the Property for purposes of conducting soil and other engineering tests and to inspect and survey any of the Property. If the Property is altered or disturbed in any manner in connection with any of Purchaser's activities, Purchaser shall immediately return the Property to substantially the condition existing prior to such activities. Purchaser shall promptly refill holes dug and otherwise repair any damage to the Property as a result of its activities. Purchaser and its agents shall not have the right to conduct any invasive testing (e.g., borings, drilling, soil/water sampling, etc.), except standard geotech preliminary investigation, on the Lots, including, without limitation, any so-called "Phase II" environmental testing, without first obtaining Seller's written consent (and providing Seller at least seventy-two (72) hours' prior written notice), which consent may be withheld by Seller in its reasonable discretion and shall be subject to any terms and conditions imposed by Seller in its reasonable discretion. In the event that Purchaser fails to obtain Seller's written consent prior to any invasive testing, in addition to and without limiting any other obligations Purchaser may have under this Section, Purchaser shall be fully responsible and liable for all costs of remediation with respect to any materials disturbed in any manner that requires remediation or that are removed in connection with such invasive testing and including, but not limited to, costs for disposal of materials removed during any invasive testing. Purchaser shall not permit any lien to attach to the Property or any portion of the Property as a result of the activities. Purchaser shall indemnify, defend and hold Seller, its officers, directors, shareholders, employees, agents and representatives harmless from and against any and all mechanics' and materialmen's liens, claims (including, without limitation, personal injury, death and property damage claims), damages, losses, obligations, liabilities, costs and expenses including, without limitation, reasonable attorneys' fees incurred by Seller, its officers, directors, shareholders, employees, agents and representatives or their property arising out of any breach of the provisions of this Section 12(c) by Purchaser, its agents, employees or representatives. The foregoing indemnity obligation of Purchaser includes acts and omissions of Purchaser and all agents, consultants and other parties acting for or on behalf of Purchaser. Purchaser shall maintain in effect during its inspection of the Property commercial general liability coverage for bodily injury and property damage in the amount of at least $2,000,000.00 combined single limit, and automobile liability coverage for bodily injury and property damage in the amount of at least $2,000,000.00 combined single limit, and the policy or policies of insurance shall be issued by a reputable insurance company or companies which are qualified to do business in the State of Colorado and shall name Seller as an additional insured. In addition, before entering upon the Property, Purchaser shall provide Seller with valid certificates indicating such insurance is in effect. The foregoing indemnity shall not apply to claims due to (i) Hazardous Materials or conditions that are not placed on the Property or caused by Purchaser or its agents, (ii) pre-existing matters, (iii) or Seller's actions or inactions. The indemnity and agreement set forth in this Section 12(c) shall survive the expiration or termination of this Contract for any reason.

(d) Architectural Approval. In order to assure that homes constructed by Purchaser are compatible with the other residential construction in the Development and meet certain architectural, design, and landscaping criteria and guidelines included in the approved SDP applicable to the Property (the "**SDP Criteria**") and are otherwise acceptable to Seller, all construction and landscaping on the Lots shall be subject to the prior review and approval of Seller. The Master Covenants will provide for the formation of an architectural review committee ("**Architectural Review Committee**") and for the promulgation and adoption of design guidelines ("**Design Guidelines**") to be applied by the Architectural Review Committee. However, the Master Covenants and/or the Design Guidelines will provide for an exemption from obtaining Architectural Review Committee approval for the Seller and any other person whose House Plans (as hereinafter defined) has been reviewed and approved by the Seller.

(i) Purchaser shall submit to Seller the Purchaser's elevations, floor plans, typical landscape plans, exterior color palettes for homes and other buildings, structures and improvements to be located on the Lots ("**House Plans**") within 20 days following the Effective Date of this Contract. Seller will review the House Plans and Seller shall deliver notice to Purchaser of the Seller's preliminary approval or disapproval of the House Plans within ten (10) business days after receipt of the House Plans, with such approval not to be unreasonably withheld, conditioned or delayed. If Seller fails to so notify Purchaser of preliminary approval or disapproval within such 10-business day period, the Purchaser shall provide Seller with written notice of the same and Seller shall notify Purchaser within three (3) business days of its approval of disapproval. If Seller fails to approve or disapprove within such 3-business day period, the House Plans shall be deemed preliminarily approved. In the event of disapproval, Purchaser shall revise and resubmit the House Plans to the Seller for reconsideration, addressing the matters disapproved by the Seller, and the procedure set forth above shall be repeated until the House Plans are approved by the Seller. Seller will use reasonable efforts to confirm that Purchaser's House Plans, as approved by Seller, are compatible with the SDP Criteria. Upon County approval of the SDP, Seller will conduct a second review of the House Plans for compliance and compatibility with the SDP Criteria. If the House Plans do not materially comply with the County-approved SDP Criteria applicable to the Property, Seller will notify Purchaser. If Purchaser and Seller are unable to agree upon mutually acceptable revisions to the House Plans so that they comply with the SDP Criteria, then Purchaser may terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except those that expressly survive termination of this Contract. After Seller approves the Purchaser's House Plans, and before Purchaser commences construction of homes on the Lots, Purchaser shall submit to Seller any material changes in the approved House Plans. Seller shall review the material changes for general consistency and compatibility with the standards and criteria set forth in the SDP Criteria and the Master Covenants and if Seller approves such changes, Seller shall notify Purchaser within ten (10) business days of its approval, not to be unreasonably withheld, conditioned or delayed.

(ii) Purchaser shall obtain Seller approval of House Plans before commencing construction on a Lot. Purchaser shall perform all construction, development and landscaping in accordance with the approved House Plans and in conformity with the Master Covenants and SDP Criteria and all other requirements, rules, regulations of any local jurisdictional authority. Purchaser and Seller acknowledge that the County will not conduct architectural review nor issue approval of Purchaser's house plans, but rather requires the building permit applicant to comply with the SDP Criteria. Seller's approval of Purchaser's House Plans is only intended as a review for compatibility with other residential construction in the Development and the SDP Criteria and does not constitute a representation or warranty that Purchaser's House Plans comply with SDP Criteria and Purchaser shall be responsible for confirming such compliance.

(e) Disclosures to Homebuyers. Purchaser shall include in each contract for the sale of any Home constructed by Purchaser in the Development all disclosures required by applicable laws, including, but not limited to the Special District Disclosure, Common Interest Community Disclosure, Mineral Disclosure and Source of Potable Water Disclosure, and any other disclosure that applicable laws require to be made to each homebuyer regarding expansive/low-density soils, radon and other matters ("**Homebuyer Disclosures**"). Purchaser shall furnish to Seller upon request a copy of Purchaser's disclosures to homebuyers which includes the Homebuyer Disclosures.

13. Force Majeure. A delay in or failure to perform any obligations required of Seller or Purchaser under this Contract shall not constitute a default to the extent such delay or failure is caused by Force Majeure and all times for performance shall be extended by the number of days of Force Majeure. "**Force Majeure**" shall be limited to acts of God, war, terrorism, fire, flood, earthquake, hurricane, weather conditions, strike, delay or unavailability of labor or materials, delay or unavailability of utilities, delays in obtaining governmental approvals to the extent not caused by the party seeking approval, moratoria, injunctions, orders or directives of any court or governmental body, or other actions of third parties (but not including financial inability) which, despite the exercise of reasonable diligence, the party required to perform is unable to prevent, avoid or remove. Force Majeure does not apply to the failure of a party to make a payment when due and payable under the terms of this Contract.

14. Cooperation. Purchaser shall reasonably cooperate with and require its agents, employees, subcontractors and other representatives to cooperate with all other parties involved in construction within the Development, including, where applicable, the granting of a nonexclusive license to enter upon the Property conveyed to Purchaser. Purchaser shall execute any and all documentation reasonably required by Seller or the Authorities to effectuate any desired modification or change in connection with Seller's activities in the Development including, without limitation, amendments or restatements of the Master Covenants, or any Final Plat; provided, however, Purchaser shall not be obligated to execute any such documentation if, in Purchaser's reasonable judgment, it will materially adversely affect the fair market value of the Property or Purchaser's ability to construct or to sell its proposed homes within the Property, or if in Purchaser's reasonable judgment, it will materially increase the cost of such construction, interfere with or delay such construction.

15. Fees. Subject to the provisions of Sections 16 and 17 below:

(a) FHA/VA. Seller shall not be required to obtain any approvals pursuant to FHA, VA or other governmental programs relating to the Lots or the financing of improvements thereon.

(b) Utility Company Refunds. Any refunds from utility providers relating to construction deposits for the Property shall be the exclusive property of Seller. Purchaser shall cooperate with Seller in turning over any such funds and directing those funds to Seller.

16. Water and Sewer Taps; Fees; and District Matters.

(a) Rangeview Metropolitan District. The water and sewer service provider for the Lots is the Rangeview Metropolitan District ("**Rangeview**") and Purchaser shall be required to purchase water and sewer taps for the Lots from Rangeview. During the Due Diligence Period, Purchaser shall negotiate in good faith to reach agreement with Rangeview on terms and provisions of a Tap Purchase Agreement (the "**Tap Purchase Agreement**") in which Rangeview agrees to sell to Purchaser, and Purchaser agrees to purchase from Rangeview, a water and sewer tap for each Lot in accordance with an agreed-upon purchase schedule, but in no event later than the issuance of a building permit for a Lot. If Rangeview and Purchaser agree upon a Tap Purchase Agreement before the expiration of the Due Diligence Period, they shall prepare and execute an amendment to this Contract to set forth and attach to this Contract the agreed-upon Tap Purchase Agreement and execute the Tap Purchase Agreement on or before the date of the First Closing. If Rangeview and Purchaser are unable to agree on a Tap Purchase Agreement before the expiration of the Due Diligence Period, the Initial Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 24 below. The combined cost to purchase a water tap and sewer will be dependent on Lot size, house square footage, number of floors, driveway lanes, outdoor irrigated square footage, and xeriscape square footage. For example, based on Rangeview's rates and charges as of the Effective Date, a 5,500 square foot lot with a 2,400 square foot house 2 story 2 car garage with 1,500 square feet of grass would have a computed water/sewer tap fee of $25,500.

(b) Sky Ranch Metropolitan District No. 1. The Property is included within the boundaries of the Sky Ranch Metropolitan District No. 1 ("**District**"). Persons affiliated with Seller have been elected or appointed to the board of directors ("**Board**") of the District and Rangeview and serve in that capacity. Purchaser shall not qualify any persons affiliated with Purchaser as its representative to serve on the Board of the District or Rangeview and this prohibition shall survive the Closing and delivery of deeds hereunder until no person affiliated with Seller serves on the Board. The District has been formed for purposes that include, but are not limited to financing, owning, maintaining and/or managing certain tracts and infrastructure improvements ("**District Improvements**") to serve the Development, including the Lots. Purchaser acknowledges that: (i) the construction of District Improvements shall be without compensation or reimbursement to Purchaser; and (ii) any reimbursements, credits, payments, or other amounts payable by the District or Rangeview on account of the construction of District Improvements or any other matters related thereto ("**Metro District Payments**") shall remain the property of the Seller and shall not be conveyed to or otherwise be claimed by Purchaser. Upon request of Seller, the District or Rangeview, Purchaser will execute any and all documents that may be reasonably required to confirm Purchaser's waiver of any right to Metro District Payments. The provisions of this Section are material in determining the Purchase Price, and the Purchase Price would have been higher but for the provisions of this Section. This Section shall survive Closing .

(c) Fees.

(i) Seller shall pay any and all of the following to the extent imposed by any Authority in connection with the Property conveyed to Purchaser: (i) any parks and recreation fees (including park dedication requirements and/or cash-in-lieu payments related to the Property as part of the platting thereof); (ii) drainage fees; and (iii) fees for payment-in-lieu of school land dedications.

(ii) Following Closing, Purchaser shall pay all costs and expenses for all water meter fees, sewer fees, connection fees, facility fees or assessments, PIF fees, building and other permit costs, and any other costs or fees that may be imposed by the District, Rangeview or any Authority relating to the construction, use or occupancy of the homes to be constructed on the Lots. Without limiting the foregoing, and except for the fees to be paid by Seller pursuant to Section 16(c)(i) above, Purchaser shall pay any and all of the following to the extent imposed in connection with the Property conveyed to Purchaser: (i) any infrastructure (facility) fee, including, without limitation, any transportation/road fee, which may be imposed either by the County, the District or other Authority; (ii) any impact fees and payment-in-lieu of land dedication fees imposed for roads or other facilities that are payable at issuance of a building permit for a home constructed on a Lot; and (iii) any excise fees.

(iii) As of the Effective Date, the District does not levy a system development fee ("**SDF**") against property within the District. If the District at any time before a Closing adopts a SDF, then at the Closing the Purchaser shall pay the District's SDF applicable to the Lots acquired at such Closing. In order to offset Purchaser's payment of the District's SDF for a Lot at a Closing, Purchaser shall receive a credit against the Purchase Price paid by Purchaser for such Lot at such Closing equal to the amount of the District's SDF paid by Purchaser for the Lot. If representatives of Seller constitute a majority of the board of the District and the Seller controlled board adopts and levies any new SDF after a Closing, Seller shall pay such SDF levied against any Lot that has been acquired by Purchaser for so long as Purchaser owns such Lot.

(iv) The covenants set forth in this Section 16 shall survive each respective Closing and shall represent a continuing obligation until the complete satisfaction or payment thereof.

17. Reimbursements and Credits. Purchaser shall have no right to any reimbursements and/or cost-sharing agreements pursuant to any agreements entered into between Seller or any of Seller's affiliates and third parties which may or may not affect the Property. In addition, Purchaser acknowledges that Seller, its affiliates or one (1) or more metropolitan district(s) have installed or may install certain infrastructure improvements ("**Infrastructure Improvements**") and/or donate, dedicate and/or convey certain rights, improvements and/or real property ("**Dedications**") to the County or other Authority which benefit all or any part of the Property, together with adjacent properties, and which entitle Seller or its affiliates and/or the Property or any part thereof to certain reimbursements by the County or other Authority or credits by the County or other Authority for open space fees, school impact fees, capital expansion fees, transportation/road fees, traffic impact fees and other governmental fees which would otherwise be required to be paid to the County or other governmental or quasi-governmental entity by the owner of the Property or any part thereof from time to time ("**Governmental Fees**"). In the event Purchaser is entitled to a credit or waiver of Governmental Fees by the County and/or other governmental or quasi-governmental entity as a result of the Infrastructure Improvements and/or Dedications, then, in such event, Purchaser shall pay to or reimburse Seller and/or its designated affiliates in an amount equal to such credited or waived Governmental Fees at the same time that the Governmental Fees would otherwise be payable by Purchaser or its assignees to the County or other Authority but for the construction of the Infrastructure Improvements and/or the Dedications by Seller, its affiliates and/or metropolitan district(s), excluding in all events the fees to be paid by Seller pursuant to Section 16(c)(i) above. In addition, Purchaser acknowledges that Seller or its affiliate(s) may have negotiated or may negotiate with the County or other Authority for reimbursements to Seller or its affiliates. Purchaser acknowledges that certain Governmental Fees which may be paid by Purchaser to the County or other Authority may be reimbursed to Seller and/or its affiliates pursuant to the terms of said agreement. The obligations and covenants set forth in this Section 17 shall survive the Closing of the purchase and sale of the Property and shall represent a continuing obligation of Purchaser until complete satisfaction thereof. Purchaser shall be released from the obligations in this Section 17 to the extent such obligations are assumed in writing by a subsequent owner of all or a portion of the Property and a copy of such written assumption is furnished to Seller. Each special warranty deed conveying the applicable portion of the Property at each Closing shall contain the foregoing reimbursement covenant.

18. Name and Logo ; Sales Activity.

(a) The name and logo of "Sky Ranch" are wholly owned by Seller. Purchaser agrees that it shall not use or allow the use of the name "Sky Ranch" or any logo, symbol or other words or phrases which are names or trademarks used or registered by Seller or any of its affiliates in any manner to name, designate, advertise, sell or develop the Property or in connection with the operation or business located or to be located upon the Property without the prior written consent of Seller, which consent may be withheld for any reason. Any consent to the use of such names or logos may be conditioned upon Purchaser entering into a license agreement with Seller, as applicable, at no additional cost to Purchaser. Notwithstanding the foregoing, however, Purchaser shall have a non-exclusive, royalty-free license for so long as Purchaser is building and selling homes in the Development, without the need for any further consent or approval by Seller, to use the name and logo of "Sky Ranch" in connection with the use, marketing, sales, development and operation of the Property, provided that Purchaser shall comply with any requirements that Seller promulgates with respect to such usage.

(b) Following Closing, Purchaser may conduct sales activities (a) from a sales trailer placed on the Development by Purchaser in a reasonable location approved by Seller, subject to relocation at Purchaser's cost if necessary to accommodate ongoing development and sales activities, or (b) from any other site owned or leased by Purchaser.

19. Renderings. All renderings, plans or drawings of the Property or the Development locating landscaping, trees and any improvements are artists' conceptions only and may not accurately reflect their actual location. Purchaser waives any claims based upon any inaccuracy in the location of such items as depicted on the renderings, plans or drawings.

20. Communications Improvements. Seller may, but is not obligated to, enter into an agreement with a service provider for the development and installation of Communication Improvements in all or any portion of the Development. "**Communications Improvements**" means any equipment, property and facilities, if used or useful in connection with the delivery, deployment, provision or modification of (a) broadband Internet access service; (b) monitoring service, for the benefit of governmental entities, quasi-governmental entities, or utilities, regarding the usage of electricity, gas, water and other resources; (c) video programming or content, including Internet protocol television (a/k/a "IPTV") service; (d) voice over Internet protocol (a/k/a "VoIP") service; (e) telecommunications services, including voice; (f) any other service or services delivered by means of the Internet or otherwise delivered by means of digital signals; and (g) any other service or services based on technology that is similar to or is a technological extension of any of the foregoing ("**Service**"). Communications Improvements do not include any equipment, facilities or property located or in the home of a person who receives services from the service provider, such as, but not limited to routers, wireless access points, in-house wiring, set-top boxes, game consoles, gateways and other equipment under the control of the owner or occupant of the home. Seller may grant to such service provider one or more permanent, non-exclusive, perpetual, assignable and recordable easements (collectively referred to as the "**Easement**") to access and use the Property and other property within the Development, as necessary, appropriate or desirable, to lay, install, construct, reconstruct, modify, operate, maintain, repair, enhance, upgrade, regulate, remove, replace and otherwise use the Communications Improvements. So long as any such Easement does not materially interfere with Purchaser's ability to construct its intended single family homes on the Lots, Purchaser shall not object to and shall cooperate with Seller in connection with the installation and operation of the Communications Improvements.

21. Soil Hauling. Purchaser shall be responsible for relocating from the Property all surplus soil generated during Purchaser's construction of structures on the Property. At the option of Seller in its sole discretion, the surplus soil shall be transported at Purchaser's expense to a site designated by Seller within the Development, provided that Seller has designated and made such a site available to Purchaser at the time Purchaser is ready to transport surplus soils. If and to the extent that Seller establishes a stock pile site within the Development, Seller may modify any such stock pile locations from time to time in Seller's discretion (but Purchaser shall not have any obligation to relocate any soil Purchaser previously delivered to the prior designated stock pile site). At Seller's request, Purchaser shall supply copies of any reports or field assessments identifying the material characteristics of the excess soil prior to accepting such soil for fill purposes. Notwithstanding the foregoing, in the event that Seller does not establish a stock pile site or elects not to accept any surplus soils from Purchaser, then Purchaser shall, at its sole expense, find a purchaser or taker or otherwise transport and dispose of such surplus soil upon such terms as it shall desire, but such surplus soil must still be removed from the Property and may not be stockpiled on the Property or within the Development after construction has been completed.

22. Specially Designated Nationals and Blocked Persons List Purchaser represents and warrants to Seller that Purchaser and all persons and entities owning (directly or indirectly) an ownership interest in Purchaser are currently in compliance with and shall at all times prior to the Closing of this transaction remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the United States Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto. Seller represents and warrants to Purchaser that Seller and all persons and entities owning (directly or indirectly) an ownership interest in Seller are currently in compliance with and shall at all times prior to the Closing of this transaction remain in compliance with the regulations of the OFAC (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

23. Assignment.

(a) Seller's Assignment. Seller may assign its rights and obligations under this Contract with respect to the Lots not yet Closed without the consent of, but with prior notice to, Purchaser: (i) to any entity that acquires all or substantially all of the Seller' interests in such Lots which Seller reasonably believes has the financial ability and experience to perform Seller's obligations under this Contract; or (ii) to an entity that controls, is controlled by, or under common control with, Seller.

(b) Purchaser's Assignment. The obligations of the Purchaser under this Contract are personal in nature, and neither this Contract nor any rights, interests, or obligations of Purchaser under this Contract may be transferred or assigned without the prior written consent of Seller, except that Purchaser may assign its rights or obligations under this Agreement, without the prior written consent of Seller, to (i) any affiliate of Purchaser, or (ii) any third-party from which Purchaser has a contractual right to acquire the Lots pursuant to an option agreement or similar arrangement with such third-party, but Purchaser shall not be released from any obligations hereunder.

24. Survival. All covenants and agreements of either party which are intended to be performed in whole or in part after any Closing or termination of this Contract, and all representations, warranties and indemnities by either party to the other under this Contract shall survive such Closing or termination of this Contract and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that Seller's Representations pursuant to this Contract shall survive each respective Closing for a period of nine (9) months, and any action by Purchaser based on a breach of any of such Seller's Representations must be brought within such nine (9) month period.

25. Condemnation. If a condemnation action is filed or either party receives written notice from any competent condemning authority of intent to condemn which directly affects any Lot or Lots which Purchaser has a right to purchase, either party may at its sole discretion by written notice to the other party within ten (10) days following receipt of such condemnation notice terminate this Contract as to the Lots subject to the condemnation action and receive a refund of a prorata portion of the Deposit with respect to those Lots only, and the parties shall have no further rights or obligations with respect to those Lots. If the right to terminate is not exercised by either party, this Contract shall remain in full force and effect with respect to the Lot in question and upon exercise of the right to purchase the Lot, the Closing shall proceed in accordance with the terms of this Contract. Any condemnation award shall be paid to the party who is the owner of the affected Lot at the time the award is determined by the condemning authority.

26. Brokers. Each Party does hereby represent that it has not engaged any broker, finder, or real estate agent in connection with the transactions contemplated by this Contract. Each party agrees to and does hereby indemnify and hold the other harmless from any and all fees, brokerage and other commissions or costs (including reasonable attorneys' fees), liabilities, losses, damages or claims which may result from any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of either of them respectively in connection with the purchase of the Lots by Purchaser.

27. Default and Remedies. Time is of the essence hereof. If any amount received as a Deposit hereunder or any other payment due hereunder is not paid by Purchaser, honored or tendered when due and payable, or if each Closing is not consummated as required in accordance with this Contract, or if any other covenant, agreement, obligation or condition hereunder is not performed or waived as herein provided within five (5) days (or such longer period as required under this Contract) after the party failing to perform the same has received written notice of such failure, there shall be the following remedies:

(a) Purchaser's Default. If Purchaser is in default under this Contract, Seller may terminate this Contract, in which event the Deposit shall be forfeited and retained on behalf of Seller, and both parties shall, except as otherwise provided herein, thereafter be released from all obligations hereunder. It is agreed that, except as otherwise provided in this subpart (a) and in subparts (c) and (d) below and except with respect to the indemnification by Purchaser in Sections 10, 12 and 26 above, such payments and things of value are LIQUIDATED DAMAGES and are SELLER'S SOLE AND ONLY REMEDY for Purchaser's failure to perform the obligations of this Contract prior to the Closing. Except as otherwise provided in this Contract, Seller expressly waives the remedies of specific performance and additional damages with respect to a default by Purchaser. Notwithstanding the foregoing or any other contrary provision of this Contract, any and all provisions of this Contract pursuant to which Purchaser agrees to indemnify, hold harmless and defend Seller from and against any losses, costs, claims, causes of action or liabilities of any kind or nature, or pursuant to which Purchaser waives any rights or claims that it may have against Seller, shall survive any termination of this Contract, and shall be and remain fully enforceable against Purchaser in accordance with the terms of this Contract and applicable laws.

(b) Seller's Default. If Seller is in default under this Contract, Purchaser may elect AS ITS SOLE AND EXCLUSIVE REMEDY either: (i) to treat this Contract as canceled, in which case the unapplied Deposit shall be returned to Purchaser, and Purchaser shall have the right to recover, as damages, all out-of-pocket expenses incurred by it in negotiating this Contract and in inspecting, analyzing or otherwise performing its rights and obligations pursuant to this Contract, but in no event will the amount of such damages exceed Fifty Thousand Dollars ($50,000.00); or (ii) Purchaser may elect to treat this Contract as being in full force and effect and Purchaser shall have a right to specific performance, provided that any such action for specific performance must be commenced within sixty (60) days after the expiration of the applicable notice and cure period provided herein, and, in the event specific performance is not available, than Purchaser may pursue the remedy set forth in clause (i) above. Seller shall not be liable for and Purchaser shall not be entitled to recover exemplary, punitive, special, indirect, consequential, lost profits or any other damages (except for recovery of out-of-pocket expenses as set forth in clause (i) above).

(c) Indemnity. Notwithstanding any contrary provision of this Contract, any and all provisions of this Contract pursuant to which a party agrees to indemnify, hold harmless and defend the other party from and against any losses, costs, claims, causes of action or liabilities of any kind or nature, or pursuant to which a party waives any rights or claims that it may have against the other party, shall survive any termination of this Contract, and shall be and remain fully enforceable against a party in accordance with the terms of this Contract and applicable laws.

(d) Award of Costs and Fees. Anything to the contrary herein notwithstanding, in the event of any litigation arising out of this Contract related to an action for specific performance brought by either party as permitted in accordance with the terms of this Contract, the court shall award the substantially prevailing party all reasonable costs and expenses, including attorneys' fees, incurred by the substantially prevailing party in the litigation or other proceedings.

(e) Post-Closing Defaults. With respect to post-closing defaults, the parties agree that the non-defaulting party shall be entitled to exercise all remedies available at law or in equity, except that damages shall be limited to actual out-of-pocket costs and expenses incurred. The foregoing does not limit or control the remedies as are to be separately provided in the Lot Development Agreement.

28. General Provisions. The parties hereto further agree as follows:

(a) Time of the Essence. Time is of the essence under this Contract. In computing any period of time under this Contract, the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or federal legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday, or federal legal holiday.

(b) Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Colorado.

(c) Severability. Should any provisions of this Contract or the application thereof, to any extent, be held invalid or unenforceable, the remainder of this Contract and the application thereof, other than those provisions which shall have been held invalid or unenforceable, shall not be affected thereby and shall continue in full force and effect and shall be enforceable to the fullest extent permitted at law or in equity.

(d) Entire Contract. This Contract embodies the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral.

(e) Exhibits. All schedules, exhibits and addenda attached to this Contract and referred to herein shall for all purposes be deemed to be incorporated in this Contract by this reference and made a part hereof.

(f) Further Acts. Each of the parties hereto covenants and agrees with the other, upon reasonable request from the other, from time to time, to execute and deliver such additional documents and instruments and to take such other actions as may be reasonably necessary to give effect to the provisions of this Contract.

(g) Compliance. The performance by the parties of their respective obligations provided for in this Contract shall comply with all applicable laws and the rules and regulations of all governmental agencies, municipal, county, state and federal, having jurisdiction in the premises.

(h) Amendment. This Contract shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by a written agreement executed by both parties.

(i) Authority. Each of the parties hereto represents to the other that each such party has full power and authority to execute, deliver and, subject to Purchaser obtaining AMC Approval, perform this Contract, that the individuals executing this Contract on behalf of said party are fully empowered and authorized to do so, that this Contract constitutes a valid and legally binding obligation of such party enforceable against such party in accordance with its terms, that such execution, delivery and performance will not contravene any legal or contractual restriction binding upon such party or any of its assets and that there is no legal action, proceeding or investigation of any kind now pending or to the knowledge of each such party threatened against or affecting such party or affecting the execution, delivery or performance of this Contract. Each of the parties hereto represents to the other that each such party is a duly organized, legal entity and is validly existing in good standing under the laws of the jurisdiction of its formation.

(j) Notices. All notices, statements, demands, requirements, or other communications and documents (collectively, "**Communications**") required or permitted to be given, served, or delivered by or to either party or any intended recipient under this Contract shall be in writing and shall be deemed to have been duly given (i) on the date and at the time of delivery if delivered personally to the party to whom notice is given at the address specified below; or (ii) on the date and at the time of delivery or refusal of acceptance of delivery if delivered or attempted to be delivered by an overnight courier service to the party to whom notice is given at the address specified below; or (iii) on the date of delivery or attempted delivery shown on the return receipt if mailed to the party to whom notice is to be given by first-class mail, sent by registered or certified mail, return receipt requested, postage prepaid and properly addressed as specified below; or (iv) on the date and at the time shown on the facsimile or electronic mail message if telecopied or sent electronically to the number or address specified below (provided, however, any notice of default to Purchaser may not be sent by electronic mail and must be sent by one of the other methods of delivery set forth above):

To Seller: PCY Holdings, LLC
Attention: Mark Harding
34501 E. Quincy Ave.
Bldg. 34, Box 10
Watkins, Colorado 80137
Telephone: (303) 292-3456
Facsimile: (303) 292-3475
E-mail: mharding@purecyclewater.com

with a copy to:

Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attention: Rick Rubin, Esq.
Telephone: (303) 292-1200
Email: rrubin@foxrothschild.com

To Purchaser: Linda Purdy
Richmond American Homes of Colorado, Inc.
4350 South Monaco Street
Denver, Colorado 80237
Telephone: (720)-977-3847
Facsimile.: (720) 977-4707
Email: linda.purdy@mdch.com

with a copy to:

M.D.C. Holdings, Inc.
4350 South Monaco Street
Denver, Colorado 80237
Attn: Drew Rippey
Telephone: (720) 977-3213
Telecopier No. (720) 482-8558
Email: Drew.Rippey@mdch.com

M.D.C. Holdings, Inc.
4350 S. Monaco Street
Denver, CO 80237
Attn: Linda Zimmerman Skultety
Senior Paralegal – Real Estate
Telephone: 720-977-3254
Fax: 303-488-4954
Email: Linda.Skultety@mdch.com

If to Title Company:

Land Title Guarantee Company
Attn: Tom Blake
3033 E. 1st Ave. #600
Denver, Colorado 80206
Fax#: 303-393-4959
Direct: 303-331-6237
Email: tblake@ltgc.com

(k) Place of Business. This Contract arises out of the transaction of business in the State of Colorado by the parties hereto.

(l) Counterparts; Facsimile Signature. This Contract may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one (1) and the same instrument, and either of the parties hereto may execute this Contract by signing any such counterpart. This Contract may be executed and delivered by facsimile or by electronic mail in portable document format (.pdf) or similar means and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other party.

(m) Captions; Interpretation. The section captions and headings used in this Contract are inserted herein for convenience of reference only and shall not be deemed to define, limit or construe the provisions hereof. Purchaser and Seller acknowledge that each is a sophisticated builder or developer, as applicable, and that each has had an opportunity to review, comment upon and negotiate the provisions of this Contract, and thus the provisions of this Contract shall not be construed more favorably or strictly for or against either party. Purchaser and Seller each acknowledges having been advised, and having had the opportunity, to consult legal counsel in connection with this Contract and the transactions contemplated by this Contract.

(n) Number and Gender. When necessary for proper construction hereof, the singular of any word used herein shall include the plural, the plural shall include the singular and the use of any gender shall be applicable to all genders.

(o) Waiver. Any one (1) or more waivers of any covenant or condition by a party hereto shall not be construed as a waiver of a subsequent breach of the same covenant or condition nor a consent to or approval of any act requiring consent to or approval of any subsequent similar act.

(p) Binding Effect. Subject to the restrictions on assignment contained herein, this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(q) Recordation. Purchaser shall not cause or allow this Contract or any memorandum or other evidence thereof to be recorded in the County Records or become a public record without Seller's prior written consent, which consent may be withheld at Seller's sole discretion. If Purchaser records this Contract, then Purchaser shall be in default of its obligations under this Contract.

(r) No Beneficiaries. No third parties are intended to benefit by the covenants, agreements, representations, warranties or any other terms or conditions of this Contract.

(s) Relationship of Parties. Purchaser and Seller acknowledge and agree that the relationship established between the parties pursuant to this Contract is only that of a seller and a purchaser of single-family lots. Neither Purchaser nor Seller is, nor shall either hold itself out to be, the agent, employee, joint venturer or partner of the other party.

(t) Interstate Land Sales Full Disclosure Act and Colorado Subdivision Developers Act Exemptions It is acknowledged and agreed by the parties that the sale of the Property will be exempt from the provisions of the federal Interstate Land Sales Full Disclosure Act under the exemption applicable to sale or lease of property to any person who acquires such property for the purpose of engaging in the business of constructing residential, commercial or industrial buildings or for the purpose of resale of such property to persons engaged in such business. Purchaser hereby represents and warrants to Seller that it is acquiring the Property for such purposes. It is further acknowledged by the parties that the sale of the Property will be exempt under the provisions of the Colorado Subdivision Developers Act under the exemption applicable to transfers between developers. Purchaser represents and warrants to Seller that Purchaser is acquiring the Property for the purpose of participating as the owner of the Property in the development, promotion and sale of the Property and portions thereof.

(u) Special Taxing District Disclosure. In accordance with the provisions of C.R.S. §38-35.7-101(1), Seller provides the following disclosure to Purchaser: **SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.**

(v) Common Interest Community Disclosure. In accordance with the provisions of C.R.S. §38-35.7-102(1), Seller provides the following disclosure to Purchaser: **IF SELLER ELECTS TO FORM A HOMEOWNERS ASSOCIATION UNDER THE MASTER COVENANTS FOR THE DEVELOPMENT, THENTHE PROPERTY IS, OR WILL BE PRIOR TO EACH RESPECTIVE CLOSING, LOCATED WITHIN A COMMON INTEREST COMMUNITY AND IS, OR WILL BE PRIOR TO SUCH CLOSING, SUBJECT TO THE DECLARATION FOR SUCH COMMUNITY. THE OWNER OF THE PROPERTY WILL BE REQUIRED TO BE A MEMBER OF THE OWNER'S ASSOCIATION FOR THE COMMUNITY AND WILL BE SUBJECT TO THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS WILL IMPOSE FINANCIAL OBLIGATIONS UPON THE OWNER OF THE PROPERTY, INCLUDING AN OBLIGATION TO PAY ASSESSMENTS OF THE ASSOCIATION. IF THE OWNER DOES NOT PAY THESE ASSESSMENTS, THE ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO PAY THE DEBT. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS OF THE COMMUNITY MAY PROHIBIT THE OWNER FROM MAKING CHANGES TO THE PROPERTY WITHOUT AN ARCHITECTURAL REVIEW BY THE ASSOCIATION (OR A COMMITTEE OF THE ASSOCIATION) AND THE APPROVAL OF THE ASSOCIATION. PURCHASERS OF PROPERTY WITHIN THE COMMON INTEREST COMMUNITY SHOULD INVESTIGATE THE FINANCIAL OBLIGATIONS OF MEMBERS OF THE ASSOCIATION. PURCHASERS SHOULD CAREFULLY READ THE DECLARATION FOR THE COMMUNITY AND THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION.**

(w) Source of Water Disclosure. In accordance with the provisions of C.R.S. §38-35.7-104, Seller provides the following disclosure to Purchaser:

THE SOURCE OF POTABLE WATER FOR THIS REAL ESTATE IS:

A WATER PROVIDER, WHICH CAN BE CONTACTED AS FOLLOWS:

NAME:	**Rangeview Metropolitan District**
ADDRESS:	**c/o Special District Management Services, Inc.** **141 Union Blvd., Suite 150** **Lakewood, Colorado 80228**
WEB SITE:	**www.rangviewmetro.org**
TELEPHONE:	**303-987-0835**

SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND WATER. YOU MAY WISH TO CONTACT YOUR PROVIDER TO DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.

(x) STORM WATER POLLUTION PREVENTION PLAN**.** Seller has previously filed a Notice of Intent ("**NOI**") and/or prepared a Stormwater Pollution Prevention Plan ("**SWPPP**") to satisfy its stormwater obligations arising from its work on the Property. Seller covenants that prior to each Closing Date and until Closing of the Lots, Seller and/or its contractor shall comply with the SWPPP with respect to all of the Lots owned by Seller, and shall comply with all local, state and federal environmental obligations (including stormwater) associated with the development of the Lots. Seller shall indemnify and hold Purchaser harmless from all claims and causes of action arising from breach of the foregoing covenants of Seller to the extent there is an uncured notice of violation issued with respect to any Lot prior to conveyance of the Lot to Purchaser. From and after conveyance of Lots, and until such time as such Lots are subject to Purchaser's SWPPP (as hereafter defined), Purchaser shall be solely responsible for complying with the SWPPP, maintaining all required best management practices (**"BMPs**"), and conducting and documenting all required inspections. Purchaser shall also comply with all local state and federal environmental obligations (including stormwater) associated with its ownership or development of the Lots conveyed to Purchaser by Seller. Such obligations include, without limitation, (i) complying with the SWPPP or the Purchaser's SWPPP, as applicable, (ii) maintaining all required BMPs, and (iii) conducting and documenting all required inspections. Purchaser covenants and Seller acknowledges that, with respect to Lots acquired by Purchaser, Purchaser shall, within ten (10) days after conveyance of such Lots, at its sole cost and expense (subject to Seller's prior written approval) submit its own notice of intent for a new stormwater pollution prevention plan (the "**Purchaser's SWPPP**"). Subsequent to the applicable Closing Date, Purchaser shall comply with the Purchaser's SWPPP with respect to all of the Lots then owned by Purchaser, and shall comply with all local, state and federal environmental obligations (including stormwater) associated with its ownership or development of all such Lots. Purchaser shall indemnify and hold Seller harmless from all third party claims and causes of action solely arising from breach of the foregoing covenants of Purchaser.

(y) Oil, Gas, Water and Mineral Disclosure. THE SURFACE ESTATE OF THE PROPERTY MAY BE OWNED SEPARATELY FROM THE UNDERLYING MINERAL ESTATE, AND TRANSFER OF THE SURFACE ESTATE MAY NOT NECESSARILY INCLUDE TRANSFER OF THE MINERAL ESTATE OR WATER RIGHTS.

THIRD PARTIES MAY OWN OR LEASE INTERESTS IN OIL, GAS, OTHER MINERALS, GEOTHERMAL ENERGY OR WATER ON OR UNDER THE SURFACE OF THE PROPERTY, WHICH INTERESTS MAY GIVE THEM RIGHTS TO ENTER AND USE THE SURFACE OF THE PROPERTY TO ACCESS THE MINERAL ESTATE, OIL, GAS OR WATER.

SURFACE USE AGREEMENT. THE USE OF THE SURFACE ESTATE OF THE PROPERTY TO ACCESS THE OIL, GAS OR MINERALS MAY BE GOVERNED BY A SURFACE USE AGREEMENT, A MEMORANDUM OR OTHER NOTICE OF WHICH MAY BE RECORDED WITH THE COUNTY CLERK AND RECORDER.

OIL AND GAS ACTIVITY. OIL AND GAS ACTIVITY THAT MAY OCCUR ON OR ADJACENT TO THE PROPERTY MAY INCLUDE, BUT IS NOT LIMITED TO, SURVEYING, DRILLING, WELL COMPLETION OPERATIONS, STORAGE, OIL AND GAS, OR PRODUCTION FACILITIES, PRODUCING WELLS, REWORKING OF CURRENT WELLS, AND GAS GATHERING AND PROCESSING FACILITIES.

ADDITIONAL INFORMATION. PURCHASER IS ENCOURAGED TO SEEK ADDITIONAL INFORMATION REGARDING OIL AND GAS ACTIVITY ON OR ADJACENT TO THE PROPERTY, INCLUDING DRILLING PERMIT APPLICATIONS. THIS INFORMATION MAY BE AVAILABLE FROM THE COLORADO OIL AND GAS CONSERVATION COMMISSION.

(z) Property Tax Disclosure Summary. PURCHASER SHOULD NOT RELY ON SELLER'S CURRENT PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT PURCHASER MAY BE OBLIGATED TO PAY IN THE YEAR SUBSEQUENT TO PURCHASE. A CHANGE IN OWNERSHIP OR PROPERTY IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN HIGHER PROPERTY TAXES. IF PURCHASER HAS ANY QUESTIONS CONCERNING VALUATION, CONTACT THE COUNTY PROPERTY APPRAISER'S OFFICE FOR INFORMATION.

(aa) Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THE PROVISIONS OF THIS CONTRACT.

(bb) Confidentiality. Purchaser and Seller agree that, prior to each respective Closing, and thereafter if such Closing does not occur, all information relating to the Property that is the subject of such Closing, any reports, studies, data and summaries developed by Purchaser, and any information relating to the business of either party (together, the "**Confidential Information**") shall be kept confidential as provided in this section. Without the prior written consent of the other party, prior to the applicable Closing, the Confidential Information shall not be disclosed by Purchaser, Seller or their Representatives (as hereinafter defined) in any manner whatsoever, in whole or in part, except (1) to their Representatives who need to know the Confidential Information for the purpose of evaluating the Property and who are informed by Seller or Purchaser as applicable of the confidential nature thereof; (2) as may be necessary for Seller, Purchaser or their Representatives to comply with applicable laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements (including, without limitation, any applicable reporting requirements for publically traded companies); to comply with other requirements and requests of regulatory and supervisory authorities and self-regulatory organizations having jurisdiction over Seller, Purchaser or their Representatives; to comply with regulatory or judicial processes; or to satisfy reporting procedures and inquiries of credit rating agencies in accordance with customary practices of Seller, Purchaser or their affiliates; and (3) to lenders and investors for the transaction. As used herein, "**Representatives**" shall mean: Seller's and Purchaser's managers, members, directors, officers, employees, affiliates, investors, brokers, agents or other representatives, including, without limitation, attorneys, accountants, contractors, consultants, engineers, lenders, investors and financial advisors. Seller, at its election, may issue an oral or written press release or public disclosure of the existence or the terms of this Contract without the consent of the Purchaser. "**Confidential Information**" shall not be deemed to include any information or document which (I) is or becomes generally available to the public other than as a result of a disclosure by Seller, Purchaser or their Representatives in violation of this Contract, (II) becomes available from a source other than Seller, Purchaser or any affiliates of Seller or Purchaser or their agents or Representatives, or (III) is developed by Seller or Purchaser or their Representatives without reliance upon and independently of otherwise Confidential Information. In addition to any other remedies available to a party for breach of this Section, the non-breaching party shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against the breaching party or its Representatives, in order to enforce the provisions of this section. The provisions of this section shall survive the termination of this Contract, or the applicable Closing, for one (1) year.

(cc) Survival. Obligations to be performed subsequent to a Closing shall survive each Closing.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Contract effective as of the day and year first above written.

SELLER:

PCY HOLDINGS, LLC,
a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: June 23, 2017

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC. a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President
Date: June 27, 2017

LIST OF EXHIBITS

EXHIBIT A:	CONCEPTUAL DEVELOPMENT PLAN AND LOTTING DIAGRAM
EXHIBIT B:	RESERVATIONS AND COVENANTS
EXHIBIT C:	FINISHED LOT IMPROVEMENTS
EXHIBIT D:	OFFSITE INFRASTRUCTURE IMPROVEMENTS
EXHIBIT E:	FORM OF GENERAL ASSIGNMENT
EXHIBIT F:	LOT DEVELOPMENT AGREEMENT
EXHIBIT G:	FORM OF LETTER OF CREDIT

EXHIBIT A

CONCEPTUAL DEVELOPMENT PLAN AND LOTTING DIAGRAM

EXHIBIT B

RESERVATIONS AND COVENANTS

Reservation of Easements. For a period of twenty-five (25) years following the date hereof, Grantor expressly reserves unto itself, its successors and assigns, easements for construction of utilities and other facilities to support the development of the properties commonly known as "Sky Ranch," including but not limited to sanitary sewer, water lines, electric, cable, broad-band and telephone transmission, storm drainage and construction access easements across the Property allowing Grantor or its assignees the right to install and maintain sanitary sewer, water lines, cable television, broad-band, electric, and telephone utilities on the Property and on its adjacent property, and further, to accommodate storm drainage from its adjacent property. Such easements shall not allow above-grade surface installation of facilities and shall require the restoration of any surface damage or disturbance caused by the exercise of such easements, shall not be located within the building envelope of any Lot or otherwise interfere with the use of a Lot for construction of Grantee's homes, shall not materially detract from the value, use or enjoyment of (i) the remaining portion of the Property on which such easements are to be located, or (ii) any adjoining property of Grantee, and shall not require any reduction in allowed density for the Property or reconfiguration of planned lots or the building envelope on a lot. If possible, such easements shall be located within the boundaries of existing easement areas. Grantor, at its sole expense, shall immediately restore the land and improvements thereon to their prior condition to the extent of any damage incurred due to Grantor's utilization of the easements herein reserved.

Reservation of Minerals and Mineral Rights. To the extent owned by Grantor, Grantor herein expressly excepts and reserves unto itself, its successors and assigns, all right, title and interest in and to all minerals and mineral rights, including bonuses, rents, royalties, royalty interests and other benefits that may be payable as a result of any oil, gas, gravel, minerals or mineral rights on, in, under or that may be produced from the Property, including, but not limited to, all gravel, sand, oil, gas and other liquid hydrocarbon substances, casinghead gas, coal, carbon dioxide, helium, geothermal resources, and all other naturally occurring elements, compounds and substances, whether similar or dissimilar, organic or inorganic, metallic or non-metallic, in whatever form and whether occurring, found, extracted or removed in solid, liquid or gaseous state, or in combination, association or solution with other mineral or non-mineral substances, provided that Grantor expressly waives all rights to use or damage the surface of the Property to exercise the rights reserved in this paragraph and, without limiting such waiver, Grantor's activities in extracting or otherwise dealing with the minerals and mineral rights shall not cause disturbance or subsidence of the surface of the Property or any improvements on the Property.

Reservation of Water and Water Rights. To the extent owned by Grantor, Grantor herein expressly excepts and reserves unto itself, its successors and assigns, all water and water rights, ditches and ditch rights, reservoirs and reservoir rights, streams and stream rights, water wells and well rights, whether tributary, non-tributary or not non-tributary, including, but not limited to, all right, title and interest under C.R.S. 37-90-137 on, underlying, appurtenant to or now or historically used on or in connection with the Property, whether appropriated, conditionally appropriated or unappropriated, and whether adjudicated or unadjudicated, including, without limitation, all State Engineer filings, well registration statements, well permits, decrees and pending water court applications, if any, and all water well equipment or other personalty or fixtures currently used for the supply, diversion, storage, treatment or distribution of water on or in connection with the Property, and all water and ditch stock relating thereto; provided that Grantor expressly waives all rights to use or damage the surface of the Property to exercise the rights reserved in this paragraph and, without limiting such waiver, Grantor's activities in dealing with the water and water rights herein reserved shall not cause disturbance or subsidence of the surface of the Property or any improvements on the Property.

Reimbursements and Credits. Grantee shall have no right to any reimbursements and/or cost-sharing agreements pursuant to any agreements entered into between Grantor or any of Grantor's affiliates and third parties which may or may not affect the Property. In addition, Grantee acknowledges that Grantor, its affiliates or one (1) or more metropolitan district(s) have installed or may install certain infrastructure improvements ("Infrastructure Improvements") and/or donate, dedicate and/or convey certain rights, improvements and/or real property ("Dedications") to Arapahoe County ("County") or other governmental authority ("Authority") which benefit all or any part of the Property, together with adjacent properties, and which entitle Grantor or its affiliates and/or the Property or any part thereof to certain reimbursements by the County or other Authority or credits by the County or other Authority for open space fees, school impact fees, capital expansion fees, transportation/road fees, traffic impact fees and other governmental fees which would otherwise be required to be paid to the County or other Authority by the owner of the Property or any part thereof from time to time ("Governmental Fees"). In the event Grantee is entitled to a credit or waiver of Governmental Fees by the County and/or other Authority as a result of the Infrastructure Improvements and/or Dedications, then, in such event, Grantee shall pay to or reimburse Grantor and/or its designated affiliates in an amount equal to such credited or waived Governmental Fees at the same time that the Governmental Fees would otherwise be payable by Grantee or its assignees to the County or other Authority but for the construction of the Infrastructure Improvements and/or the Dedications by Grantor, its affiliates and/or metropolitan district(s), but excluding (i) any parks and recreation fees (including park dedication requirements and/or cash-in-lieu payments related to the Property as part of the platting thereof); (ii) drainage fees; and (iii) fees for payment-in-lieu of school land dedications. In addition, Grantee acknowledges that Grantee or its affiliate(s) may have negotiated or may negotiate with the County or other Authority for reimbursements to Grantor or its affiliates. Grantee acknowledges that certain Governmental Fees which may be paid by Grantee to the County or other Authority may be reimbursed to Grantor and/or its affiliates pursuant to the terms of said agreement.

The obligations and covenants set forth herein shall be binding on Grantee, its successors and assigns, and any subsequent owners of the Property, except that homeowners shall have no obligation for any reimbursements provided herein.

EXHIBIT C

FINISHED LOT IMPROVEMENTS

1. "Finished Lot Improvements" means the following improvements on, to or with respect to the Lots or in public streets or tracts in the locations as required by all approving Authorities to obtain building permits for home improvements for the Lots, and substantially in accordance with the CDs:

(a) overlot grading together with corner pins for each Lot installed in place, graded to match the specified Lot drainage template within the CDs (but not any Overex) and any retaining walls required by CDs;

(b) water and sanitary sewer mains and other required installations in connection therewith identified in the CDs, valve boxes and meter pits, substantially in accordance with the CDs approved by the approving Authorities, together with appropriate markers;

(c) storm sewer mains, inlets and other associated storm drainage improvements pertaining to the Lots in the public streets as shown on the CDs;

(d) curb, gutter, asphalt, sidewalks, street striping, street signage, traffic signs, traffic signals (if any are required by the approving Authorities), and other street improvements, in the private and/or public streets as shown on the CDs; Seller will either have applied a final lift of asphalt or in Seller's discretion posted sufficient financial guarantees as required by the County for the Lots to qualify for issuance of building permits in lieu of such final lift of asphalt, provided that Seller shall timely complete such final lift of asphalt so as not to delay issuance of certificates of occupancy for homes constructed by Purchaser;

(e) sanitary sewer service stubs if required by the Authorities, connected to the foregoing sanitary sewer mains, installed into each respective Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the CDs;

(f) water service stubs connected to the foregoing water mains installed into each Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the CDs;

(g) Lot fill in compliance with the geotechnical engineer's recommendation, and with respect to any filled area or compacted area, provide from a Colorado licensed professional soils engineer a HUD Data Sheet 79G Certification (or equivalent) and a certification that the compaction and moisture content recommendations of the soils engineer were followed and that the grading of the respective Lots complies with the approved grading plans, with overlot grading completed in conformance with the approving Authorities approved grading plans within a +/- 0.2' tolerance of the approved grading plans; however, the Finished Lot Improvements do not include any Overex as provided in Section 10(e) of this Contract;

(h) all storm water management facilities as shown in the CDs.

2. Dry Utilities. Electricity, natural gas, and telephone service will be installed by local utility companies. The installations may not be completed at the time of a Closing, and are not part of the Finish Lot Improvements; provided, however, that: (i) with respect to electric distribution lines and street lights, Seller will have signed an agreement with the electric utility service provider and paid all costs and fees for the installation of electric distribution lines and facilities to serve the Lots, and all sleeves necessary for electric, gas, telephone and/or cable television service to the Lots will be installed; (ii) with respect to gas distribution lines, Seller will have signed an agreement with the gas utility service provider and paid all costs and fees for the installation of gas distribution lines and facilities to serve the Lots; and (iii) Seller will seek to coordinate the activities of the utility service provider with development of the Property for the timely installation of such utilities. Seller will take commercially reasonable efforts to assist Purchaser in coordinating with these utility companies to provide final electric, gas, telephone and cable television service to the residences on the Lots, however, Purchaser must activate such services through an end user contract. Purchaser acknowledges that in some cases the telephone and cable companies may not have pulled the main line through the conduit if no closings of residences have occurred. Notwithstanding the foregoing, if dry utilities have not been installed upon substantial completion of the Finished Lot Improvements, Seller shall be obligated to have contracted for same and paid all costs and fees payable for such installation. Unless Seller has contracted for such installation and paid such costs before the Effective Date, Seller will give Purchaser notice when such contracts have been entered and such costs paid. With respect to any Finished Lot Improvements that are required by the subdivision improvement agreement applicable to the Lots but which are not addressed as part of the Finished Lot Improvements, and any other improvements which are not required for the issuance of building permits but which are required by the Authorities so that dwellings and other improvements constructed by Purchaser on the Lots are eligible for the issuance of certificates of occupancy for homes, Seller shall complete such other improvements, to the extent required by the County, so as not to delay the issuance of certificates of occupancy for residences constructed by Purchaser on the Lots.

3. Offsite Infrastructure. The Finished Lot Improvements do not include (a) the Offsite Infrastructure, which is addressed separately in Section 5 of the Agreement, but it does include such other offsite improvements as are necessary to obtain certificates of occupancy for homes constructed on the Lots, provided that as aforesaid Seller shall only be obligated to complete such improvements within a timeframe so as not to delay issuance of such certificates of occupancy, or (b) common area landscaping which will be installed when required by the County or other applicable Authority so as not to delay the issuance of building permits or certificates of occupancy for residences constructed by Purchaser on the Lots, but (subject to the foregoing requirements of this section 3(b)) such landscaping will be installed with respect to each Takedown not later than 6 months after the issuance of the first certificate of occupancy in such Takedown.

4. Tree Lawns/Sidewalks. Notwithstanding anything in this Contract to the contrary, Seller shall have no obligation to construct, install, maintain or pay for the maintenance, construction and installation of (i) any landscaping or irrigation for such landscaping behind the curb on any Lot that is to be maintained by the owner of such lot (collectively, "**Tree Lawns**"), but Seller shall be responsible for constructing and installing the detached sidewalks and ramps (collectively, "**Sidewalks**") that are located immediately adjacent to any Lot or on a tract as required by the approved CDs, County, or any other Authority and/or applicable laws as provided in this Contract. Purchaser shall be responsible for installing any other lead walks, pathways, and driveways and any other flatwork on the Lots. Purchaser shall install all Tree Lawns on or adjacent to the Lots in accordance with all applicable CDs, requirements, regulations, laws, development codes and building codes of all Authorities.

5. Warranty.

(a) Government Warranty Period**.** The Authorities require warranty periods (each a "**Government Warranty Period**") after the final completion that is applicable to those Finished Lots Improvements that are dedicated to or owned, and accepted for maintenance by the Authorities (the "**Public Improvements**"). In the event defects in the Public Improvements to which a governmental warranty (each a "**Governmental Warranty**") applies become apparent during the applicable Government Warranty Period, then Seller shall coordinate the repairs with the applicable Authorities and cause the service provider(s) who performed the work or supplied the materials in which the defect(s) appear to complete such repairs or, if such service providers fail to correct such defects, otherwise cause such defects to be repaired to the satisfaction of the Authorities. Any costs and expenses incurred pursuant to a Government Warranty in connection with any repairs or warranty work performed during the Government Warranty Period (including, but not limited to, any costs or expenses incurred to enforce any warranties against any service providers) shall be borne by Seller, unless such defect was caused by Purchaser or its contractors, subcontractors, employees, or agents, in which event Purchaser shall pay all such costs and expenses to the extent such defect was caused by Purchaser or its contractors, subcontractors, employees, or agents.

(b) Non-Government Warranty Period**.** Seller warrants ("**Non-Government Warranty**") to Purchaser that each Finished Lot Improvement, other than the Public Improvements, shall have been constructed in accordance with the CDs for one (1) year from the date of Final Completion of the Improvement (the "**Non-Government Warranty Period**"). If Purchaser delivers written notice to Seller of breach of the Non-Government Warranty during the Non-Government Warranty Period, then Seller shall coordinate the corrections with Purchaser and cause the service provider(s) who performed the work or supplied the materials in which the breach of Non-Government Warranty appears to complete such corrections or, if such service providers fail to make such corrections, otherwise cause such corrections to be made to the reasonable satisfaction of Purchaser. Any costs and expenses incurred in connection with a breach of the Non-Government Warranty shall be borne by Seller (including, but not limited to, any costs or expenses incurred to enforce any warranties against service providers), unless such breach was caused by Purchaser or its contractors, subcontractors, employees, or agents, in which event Purchaser shall pay all such costs and expenses to the extent the breach was caused by Purchaser or its contractors, subcontractors, employees, or agents.

(c) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 5, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO PURCHASER IN RELATION TO THE FINISHED LOT IMPROVEMENTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS ALL OF THE SAME AND SHALL HAVE NO OBLIGATION TO REPAIR OR CORRECT AND SHALL HAVE NO LIABILITY OR RESPONSIBILITY WITH RESPECT TO ANY DEFECT IN IMPROVEMENTS FOR WHICH NO CLAIM IS ASSERTED DURING THE APPLICABLE WARRANTY PERIOD OR AS OTHERWISE PROVIDED BY LAW.

EXHIBIT D

OFFSITE INFRASTRUCTURE IMPROVEMENTS

EXHIBIT E

FORM OF GENERAL ASSIGNMENT

GENERAL ASSIGNMENT

Reference is hereby made to that certain Purchase and Sale Agreement dated as of _____, 201__ (the "Agreement"), pursuant to which PCY Holdings, LLC, a Colorado limited liability company ("Seller"), has agreed to sell to Richmond American Homes of Colorado, Inc., a Delaware corporation ("Purchaser"), the Property as described in the Agreement.

For good and valuable consideration, the receipt of which is hereby acknowledged, Seller hereby assigns and transfers to Purchaser on a non-exclusive basis, Seller's right, title and interest in the following as the same relate solely to the Property, and to the extent the same are assignable: (i) all subdivision agreements, development agreements, and entitlements; (ii) all construction plans and specifications; (iii) all construction warranties; and (iv) all development rights benefiting the Property.

SELLER:

PCY HOLDINGS, LLC,
a Colorado limited liability company

By:
Name: _____
Title: _____
Date:

EXHIBIT F

LOT DEVELOPMENT AGREEMENT
Sky Ranch
(Richmond)

THIS LOT DEVELOPMENT AGREEMENT (this "**LDA**") is made as of the ___ day of _____, 20____ (the "**Effective Date**"), by and between PCY Holdings, LLC, a Colorado limited liability company ("**Developer**"), and Richmond American Homes of Colorado, Inc., a Delaware corporation ("**Builder**,"). Developer and Builder are sometimes individually referred to as a "**Party**" and collectively referred to as the "**Parties**."

RECITALS

A. Developer, owns certain real property located in Arapahoe County (the "**County**"), Colorado which Developer is developing as part of the Sky Ranch master planned residential community ("**Development**"). The preliminary concept map for Phase A of the Development ("**Concept Plan**") is depicted on **Exhibit A** attached hereto (the "**Property**"). The Development is being subdivided in several subdivision filings and developed in phases. The Builder Lots in each phase are generally depicted on the Concept Plan.

B. Concurrently with the execution of this LDA, pursuant to the terms of a separate Contract for Purchase and Sale of Real Estate by and between Developer, as seller, and Builder, as purchaser, as amended (the "**Contract**"), Builder is acquiring from Developer a portion of the Property consisting of approximately 100 single family residential building lots, and will be acquiring an additional 90 lots within the Property (collectively, the "**Builder Lots**") pursuant to the Contract at a closing that will occur subsequent to the execution of this LDA. The number and location of the Builder Lots to be acquired by Builder under the terms of the Contract, the number and location of the Takedown 1 Lots and the Takedown 2 Lots and the development phasing for the Builder Lots consisting of four phases are generally depicted on the Concept Plan attached as **Exhibit A**.

C. Pursuant to the Contract, Developer has agreed to construct or cause to be constructed the Improvements, as hereinafter defined. The "**Improvements**" are those infrastructure improvements described in the plans and specifications identified in **Exhibit B** attached hereto as Developer causes such plans to be finalized and approved by the applicable Approving Authorities ("**Plans**"). At such time as the Plan have been so approved, **Exhibit B** will be replaced by a new list of the final approved Plans by amendment to this Agreement ("**Revised Exhibit B**"). The Improvements do not include any Offsite Infrastructure Improvements that are being funded by Seller pursuant to the Offsite Infrastructure Escrow Agreement, as defined in the Contract.

D. As required by the terms of the Contract, Builder has agreed (i) to pay the Initial Purchase Price (as defined in the Contracts) for the Builder Lots that the Builder acquires at a Closing; and (ii) pay that portion of the Purchase Price for the Builder Lots defined as the Deferred Purchase Price (as defined in the Contract) in accordance with the terms and provisions of this LDA as the Improvements are completed and as more particularly set forth herein.

E. The Parties now desire to enter into this LDA in order to set forth the terms and conditions under which the Improvements will be constructed by Developer and provide for the payment of the Improvements, together with such other matters as are set forth hereinafter.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Builder agree as follows:

1. Incorporation of Recitals; Definitions. The Parties hereby acknowledge and agree to the Recitals set forth above, which are incorporated herein by this reference. Unless otherwise defined herein, all capitalized terms used in this LDA and not defined in this LDA shall have the same meaning as set forth in the Contract.

2. Definitions. Unless otherwise defined herein, all capitalized terms used in this LDA and not defined in this LDA shall have the same meaning as set forth in the Contract.

3. Responsibilities of Developer and Builder.

3.1 Generally. Developer shall construct, or cause to be constructed, the Improvements in the manner set forth hereinafter. Developer shall coordinate, administer and oversee (a) the preparation and filing of all applications, filings, submittals, plans and specifications, budgets, timetables and other documents pertaining to construction and installation of the Improvements and (b) the construction and installation of the Improvements. Developer will engage or cause to be engaged consultants, contractors and subcontractors who will be responsible for the construction of the Improvements and suppliers who will be responsible for supplying labor, materials, equipment, services and other work in connection with the construction of the Improvements ("**Service Provider(s)**"), pursuant to the Construction Contracts (as hereinafter defined).

3.2 Comply with Legal Requirements. Developer will comply with all terms and conditions of applicable law in performing their obligations under this LDA. Developer will provide to each Builder copies of all notices filed by the Developer with the County, and all other applicable governmental or quasi-governmental entities or agencies (the "**Approving Authorities**") related to the Improvements and shall, within five (5) business days of receipt thereof, provide notice to each Builder (together with copies of all notices received by Developer) of any notice received by Developer alleging any failure to comply with any applicable laws, ordinances, rules, regulations, or lawful orders of public authorities bearing on the construction of the Improvements.

3.3 Bonds and Assurances. Developer, as part of the Costs, shall provide to all applicable Approving Authorities any bonds, assurance agreements, or other financial assurances required with respect to the construction of the Improvements. Developer shall, as part of the Costs, provide to all Approving Authorities all warranties, bonds and other financial assurances required to obtain permits for, and the preliminary and final acceptance and approval of, the Improvements. Builder shall take all commercially reasonable actions and execute all documents reasonably requested by Developer in its efforts to obtain releases of all such warranties, bonds, and other financial assurances upon final acceptance of the Improvements by the Approving Authorities.

3.4 Taxes, Fees and Permits. Developer or the Service Providers shall pay all applicable sales, use, and other similar taxes pertaining to the construction of the Improvements, and shall secure and pay for all approvals, easements, assessments, charges, permits and governmental fees, licenses and inspections necessary for proper construction and completion of the Improvements, subject to the terms of the Contract and except as provided otherwise in this LDA. Developer and the Service Providers shall not defer the payment of any use taxes pertaining to the Improvements except as may be authorized under law or agreement with the applicable taxing authorities.

3.5 Dedications. Developer and each Builder upon whose property the Improvements are located shall timely make all conveyances and dedications of the Improvements as to any Improvements owned by such Party if and as required by the Approving Authorities, free and clear of all liens and encumbrances.

3.6 Indemnity. Developer shall indemnify, defend and hold harmless the Builder and its owners, employees, members, managers, directors, officers, agents, affiliates, successors and assigns (each a "**Builder Indemnitee**" and collectively, the "**Builder Indemnitees**") for, from and against all claims, demands, liabilities, losses, damages (exclusive of special, consequential, punitive, consequential and lost profits damages), costs and expenses, including but not limited to court costs and reasonable attorneys' fees, arising out of (a) Off-Lot Soils Conditions, or (b) material damage caused by Developer's negligence or willful misconduct in the performance of the construction of the Improvements. Notwithstanding the foregoing, Developer shall not be obligated under this LDA to indemnify the Builder Indemnitees to the extent such liabilities result from the negligence or willful misconduct of any Builder Indemnitee. Builder shall indemnify, defend and hold harmless Developer and its respective owners, affiliates, employees, members, managers, directors, officers, agents, successors and assigns (each an "**Developer Indemnitee**" and collectively, the "**Developer Indemnitees**") for, from and against all claims, demands, liabilities, losses, damages, costs and expenses, including but not limited to court costs and reasonable attorneys' fees, arising out of or relating to (a) On-Lot Soils Conditions, (b) Builder's development, construction, use, ownership, management, marketing or sale activities associated with the initial home construction on the Lots (including, without limitation, land development, grading, excavation, trenching, soils compaction and construction on the Lots performed by or on behalf of Builder); (c) *Intentionally Deleted*; (d) any change subsequent to the Effective Date in the Entitlements to the extent that the change was caused, requested or made by Builder or the design of any residences ("**Homes**") constructed on the Builder Lots other than claims arising out of Developer's negligence or willful misconduct in the performance of Developer's obligations under this LDA; or (e) homeowner claims asserting or relating to any implied warranty of habitability, merchantability, or fitness for any particular purpose in connection with Builder's construction of one or more Homes on the Builder Lots. Notwithstanding the foregoing, Builder shall not, as to any Builder Lot, be obligated under this LDA to indemnify, defend or hold harmless Developer Indemnitees from claims arising out of development, construction, use, ownership, management, marketing or sales activities associated with the initial construction of homes on Builder Lots which occurs after Builder conveys such Builder Lot if such successor is reasonably approved by Developer and gives Developer a substitute indemnity that is equivalent to the indemnity provided by the Builder under this Section 3.6 and such successor is financially sound as reasonably determined by Developer. Developer covenants with Builder that Developer has and will include geologic, soils and groundwater provisions in the indemnities Developer obtains from other builders within the Development that are at least as protective of Developer as those provided in Sections 3.6 and 4.7 of this Agreement. Obligations under this Section shall survive the termination or expiration of this LDA.

3.7 Insurance. Developer shall procure and maintain, and shall cause the Service Providers to procure and maintain, the insurance described in **Exhibit C** attached hereto during the construction of the Improvements and any warranty work performed on the Improvements.

3.8 Independent Contractor. Developer is an independent contractor and neither Developer nor its employees are entitled to worker's compensation benefits or unemployment insurance benefits through any Builder as a result of performing under the LDA. The Developer is responsible for and obligated to pay all assessable federal and state income tax on amounts earned or paid under this LDA.

4. Construction of Improvements.

4.1 Plans and Specifications. Developer shall (i) diligently finalize, process and obtain approval of the Plans for the Improvements from the applicable Approving Authorities to the extent required by such entities, and (ii) apply to the utility service provider for the preparation of dry utility plans ("**Utility Plans**"). Upon receipt of the approved Plans for the Improvements and the Utility Plans for the dry utilities from the utility service provider, Developer will furnish a copy of such Utility Plans to the Builder. After replacement of **Exhibit B** by the Revised Exhibit B, if Developer elects to amend the Plans in a manner that will result in a Material Change (defined below), then Developer shall provide written notice of the Material Change (a "**Notice of Material Change**") to Builder if the Builder Lots are affected by the change. The Notice of Material Change shall describe the modification to the Plans requested by Developer. Builder shall have five (5) business days after receipt of the Notice of Material Change to provide written notice to the Developer if it objects to the proposed Material Change (a "**Notice of Material Change Objection**"), which shall describe revisions to the Material Change that would render it acceptable to Builder. If Builder fails to give a timely Notice of Material Change Objection to Developer, the Material Change shall be deemed approved by Builder. If Developer performs any Material Change without first providing Builder with a Notice of Material Change, or after Receiving a Notice of Material Change Objection, which objection has not been resolved in accordance with the following provisions, then Developer shall assume responsibility for the cost of correcting any such change, as well as the time impacts for making such correction. Within five (5) business days after delivery to Developer of a Notice of Material Change Objection, said Developer and the Builder shall meet to approve or reject the Material Change. If Developer and Builder cannot reach an acceptable resolution regarding the Notice of Material Change Objection, the dispute shall be resolved pursuant to the arbitration provision set forth in Section 7 below. For purposes of this Section 4.1, a "**Material Change**" shall consist only of the following changes to the approved Plans for the Improvements to be installed for the benefit of the Property which have previously been approved by the applicable Approving Authorities:

4.1.1 Reduction of the total number of Builder Lots available for the construction of residences by more than 10%.

4.1.2 With respect to those certain Lots identified in **Exhibit H** attached hereto and incorporated herein by this reference, material adverse impact on the ability to serve basements with nine (9) foot foundation wall heights with gravity flow sanitary sewer service on the Builder Lots.

4.1.3 Changes greater than one half (1/2) of one (1) foot to the proposed finish grade elevation for any of the Builder Lots.

4.2 Construction Standard. Developer shall cause the applicable Improvements to be constructed in accordance with the Construction Standard and shall obtain preliminary and final acceptance thereof by all Approving Authorities. As used herein, the term "**Construction Standard**" means construction and installation of the Improvements in a good, workmanlike and lien-free manner and in substantial conformity with the Plans (as may be modified pursuant to the terms hereof), the applicable requirements of the Approving Authorities, and the "Finished Lot Standard" set forth on **Exhibit D** attached hereto. The Construction Standard does not include any so-called "over excavation" or comparable preparation or mitigation of the soil (hereinafter defined as the "**Overex**") on the Builder Lots and Builder has sole responsibility with respect to any Overex that the Builder determines to undertake on the Builder Lots. The terms and provision of Section 10(e) (Over Excavation) of the Contract are hereby incorporated herein by this reference. The Parties shall reasonably cooperate in coordinating the Builder's completion of the Overex so that the Overex can be properly sequenced with Developer's completion of the Improvements. In no event shall Developer be liable to Builder for any delay, costs or damages incurred with respect to such Overex, even if caused by any delay in installation of Improvements sequenced ahead of the Overex, and all timeframes shall be deemed extended appropriately in the event of any delay in completing such Overex in accordance with the Construction Schedule (as hereinafter defined).

4.3 Construction Contracts for Work. Developer and contractors of Developer shall contract for all of the work and materials comprising the applicable Improvements. Developer shall have the right to bid, pursue, negotiate, agree to and execute contracts and agreements with Service Providers for the work and materials comprising the Improvements (each a "**Construction Contract**" and collectively, the "**Construction Contracts**"), based upon forms that Developer deems necessary or appropriate in its commercially reasonable discretion; provided, however, that Developer shall deliver written notice to Builder after it shall enter into any Construction Contract, which notice shall identify the Service Provider(s). Developer shall attempt to cause each Construction Contract, in addition to other matters, to (i) allow for the automatic assignment, without need for further action, of all of Developer's rights (including, without limitation, the warranty and indemnity provisions thereof) to Builder on a non-exclusive basis in the event of replacement of Developer pursuant to the terms of this LDA, and identify Builder as an intended third-party beneficiaries of the Construction Contract, (ii) require the Service Provider to name the Builder as additional insureds on all required insurance maintained by the Service Provider for a period expiring not sooner than final acceptance of the Improvements by the applicable Approving Authority for which such Service Provider furnished materials or work, (iii) require the Service Providers to provide a warranty on materials and labor supplied by such Service Provider for a period coterminous with the warranty period required by the applicable Approving Authorities for Improvements to be dedicated to an Approving Authority, but in no event less than one (1) year for any Improvement, (iv) require the Service Provider to perform its work in accordance with the Construction Standard, (v) require the Service Provider to indemnify, defend, and hold harmless Developer from all claims and causes of action arising from the negligent acts or omissions or intentional misconduct of the Service Provider or its employees or agents, (vi) permit retainage in an amount of at least five percent (5%) of the amounts payable to the Service Provider, until the work to be completed pursuant to such contract has been substantially completed and, if applicable, granted initial acceptance by the applicable Approving Authority; (vii) provide the Developer the right, but not the obligation, to pay subcontractors and suppliers of the Service Provider directly or by joint check, and (viii) provide for no limitation on remedies against the Service Provider for a default except the prohibition of recovery of punitive damages. Upon receipt of written request from Builder, Developer shall deliver a copy of each Construction Contract to such Builder.

4.4 Commencement and Completion Dates. Developer shall cause construction of the Improvements to be commenced and completed as follows:

4.4.1 Commencement; Construction Schedule; Completion. The Improvements will be completed in phases consisting of two phases with respect to the Takedown 1 Lots and two subsequent phases with respect to the Takedown 2 Lots for a total of four phases (each a "**Phase**"). Developer shall commence and complete each component of the Improvements in each Phase in accordance with the construction schedule set forth on **Exhibit E** attached hereto (the "**Construction Schedule**"), and cause Substantial Completion of the Improvements in each Phase to occur on or before the applicable deadline therefor as set forth in the Construction Schedule (the "**Substantial Completion Deadline**"); provided, however, subject to Section 4.4.2 below. The Construction Schedule will provide for the first Phase ("**Phase 1**") to be substantially completed ten (10) months after the First Closing, with the second Phase ("**Phase 2**") to be substantially completed nine (9) months after substantial completion of Phase 1, with the third Phase ("**Phase 3**") to be substantially completed nine (9) months after the Second Closing and the fourth Phase ("**Phase 4**") to be substantially completed nine (9) months after substantial completion of Phase 3, all subject to Section 4.4.2 below. Developer may cause Improvements to be constructed and installed as Developer deems necessary, in the Developer's commercially reasonable discretion, to coordinate such Improvements with the development of portions of the Development other than the Property; or cause Improvements to be constructed and installed in accordance with scheduling requirements of the County and other Approving Authorities. Notwithstanding anything to the contrary, the Developer shall have no obligation to install landscaping during the months of October through April.

4.4.2 Force Majeure. Notwithstanding any contrary provision of this LDA, the completion dates and all interim milestones (if any) set forth on the Construction Schedule, the Substantial Completion Deadline, and the time for performance of Developer's other obligations under the Construction Schedule or this LDA shall be extended by a period of time equal to any period that such performance or progress in construction of the Improvements is delayed due to any Dispute, as defined below, acts or failure to act of any Approving Authority, strike, riot, act of war, act of terrorism, act of violence, weather, act of God, or any other act, occurrence or non-occurrence beyond Developer's reasonable control (each, an "**Uncontrollable Event**").

4.5 Substantial Completion.

4.5.1 Definition of Substantial Completion. "**Substantial Completion**" of the Improvements (or applicable component thereof) shall be deemed to have occurred when all of the following have occurred with respect to the Improvements (or applicable component thereof):

(a) Subject to Section 4.5.1(c) below, Developer has substantially completed or corrected all punchlist items provided by the Approving Authorities and the Builders affecting the Improvements (or applicable component thereof) in accordance with Section 4.5.2 below so that Builder is not precluded from obtaining from the Approving Authorities building permits for houses constructed, or to be constructed (or certificates of occupancy therefor), on any Builder Lots solely as a result of such punchlist items (or applicable component thereof) not being complete, and Developer has obtained lien releases reasonably acceptable to Builder from all contractors performing work related to the Improvements;

(b) Subject to Section 4.5.1(c) below, the Improvements (or applicable component thereof) have been installed pursuant to the Construction Standard and shall be substantially complete so that Builder is not precluded from obtaining from the Approving Authorities building permits for houses constructed, or to be constructed (or certificates of occupancy therefor), on any Builder Lots solely as a result of such Improvements (or applicable component thereof) not being complete;

(c) Any Improvements (or applicable component thereof) that are intended to be dedicated to or accepted by an Approving Authority shall have been inspected and preliminarily accepted by the applicable Approving Authority (subject to the Government Warranty Period (as defined below)); except that those Improvements that are (x) to be phased, if any, as set forth in the Entitlements, or (y) not necessary or required by the Approving Authority to occur prior to issuance of a building permit or certificate of occupancy for Homes on the Lots, (collectively, the "**Additional Improvements**"), will not be required to achieve Substantial Completion, but Developer shall nevertheless be required to complete construction and obtain acceptance of such Additional Improvements by the applicable Approving Authority after Substantial Completion at such time as is required by the applicable Approving Authorities and so that Builder is not precluded from obtaining from the Approving Authorities building permits or certificate of occupancy for houses constructed, or to be constructed, on any Builder Lots solely as a result of such Additional Improvements (or applicable component thereof) not being complete.

(d) No mechanics' or materialmen's liens shall have then been filed against any of the Builder Lots with respect to the Improvements and lien waivers have been obtained from the Service Providers that constructed the Improvements (or applicable portion thereof), or the Developer has obtained a bond to insure over any such mechanics' or materialmen's liens.

(e) With respect to any Improvements that are required by the Construction Standard or that are required by the subdivision improvement agreement applicable to the Builder Lots but which are not addressed as part of the Construction Standard or the Finished Lot Standard, and any other Improvements which are not required for the issuance of building permits but which are required by the Approving Authorities so that Homes and other improvements constructed by Builder on the Builder Lots are eligible for the issuance of certificates of occupancy for homes, the Developer shall complete or cause the completion of such other Improvements, to the extent required by the Approving Authorities, so as not to delay the issuance of certificates of occupancy for Homes constructed by Builder on the Builder Lots.

4.5.2 Inspection.

(a) Notice to Builder. Developer shall notify Builder in writing when Substantial Completion of the Improvements (or applicable component thereof) on the Builder Lots has been achieved, except for minor punch-list work which does not affect the ability to obtain building permits or certificates of occupancy, as applicable, for Homes on the Lots, and the date(s) and time(s) the Approving Authorities will inspect such Improvements (or applicable component thereof). Within ten (10) days after receipt by Builder of such notice from the Developer, Developer and Builder shall jointly inspect the Improvements (or applicable component thereof) on the Builder Lots and produce a punchlist ("**Builder Punchlist**"). The Builder Punchlist may not contain any items other than incomplete Improvements or components thereof, deficient or defective construction of the Improvements or components thereof, or failure to construct the Improvements or components thereof in accordance with the Construction Standard. Builder shall not be able to object or provide Builder Punchlist items for any portion of the Improvements previously inspected by the Builder. If the Parties are unable to agree upon a Builder Punchlist within five (5) days after the joint inspection described above, then any dispute related to such punchlist shall be submitted to the expedited dispute resolution procedures in accordance with Section 7 below. Developer will give Builder notice of the date and time of inspections of the Improvements by the Approving Authorities and Builder may attend such inspections. Developer will attempt to provide Builder with copies of any inspection reports or punchlists received from the Approving Authorities in connection with the inspection of the Improvements, and Developer shall be responsible to correct punchlist items from the Approving Authority and items set forth on the Builder Punchlist. Notwithstanding anything to the contrary including any Builder Punchlist, if an Approving Authority grants preliminary approval or construction acceptance to any of the Improvements, or if the engineer issues a certification with respect to the grading, fill and compaction in accordance with item (g) of **Exhibit D**, then it shall conclusively be presumed that such Improvement or work was completed in accordance with the Construction Standard, subject to completion of the punchlist items provided by the Approving Authority. If an item is not identified as incomplete on the Builder Punchlist, then it shall conclusively be presumed that such Improvement was completed in accordance with the Construction Standard, and thereafter the Builder and not Developer shall be responsible for repairing damage to such Improvement occurring after completion of the Builder Punchlist work unless such damage is determined either by agreement of the parties or pursuant to Section 7 of this LDA to be the result of a design or construction defect. Disputes regarding Builder Punchlist items and matters will be resolved pursuant to the expedited dispute resolution procedures set forth in Section 7 of this LDA.

(b) Correction of Punchlist Items. Developer shall cause any punchlist items to be corrected within the time required by the County or other applicable Approving Authorities, or such shorter time as may be required pursuant to the Construction Schedule.

(c) Interim Inspections. Upon reasonable prior notice, each Builder may inspect the construction of the Improvements on the Builder Lots; provided, however, such inspection shall be (i) at the sole risk of Builder, (ii) such inspection shall be non-invasive and shall be performed in a manner that does not interfere with or result in a delay in the construction of the Improvements, and (iii) Builder shall indemnify Developer for any damage resulting from such inspection.

4.6 Self-Help Remedy.

4.6.1 Notice of Default. If Developer: (a) breaches its obligation under this LDA to complete or cause the completion of any Improvement in accordance with the Plans or Construction Schedule (as extended by any Uncontrollable Event); (b) otherwise breaches any material obligation under this LDA; (c) fails to comply with any material provision of its Construction Contracts with Service Providers beyond any applicable express notice or cure periods; or (d) files a petition for relief in bankruptcy or makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due (each a "**Bankruptcy Event**"), then the Builder may deliver written notice of the breach to Developer (a "**Notice of Default**"). Each of the events set forth in Subsections (a) through (d) inclusive of the preceding sentence shall be herein referred to as a "**Constructing Party Default**." For any Constructing Party Default other than a Bankruptcy Event, the Developer shall have thirty (30) days after Developer's receipt of the Notice of Default from the Builder to cure the Constructing Party Default (the "**Cure Period**"); provided, however, if the nature of the Constructing Party Default is such that it cannot reasonably be cured within thirty (30) days, the Cure Period shall be deemed extended for a reasonable period of time (not to exceed an additional sixty (60) days) so long as Developer commenced in good faith and with due diligence to cause such Constructing Party Default to be remedied. If Developer does not cause the cure of the Constructing Party Default within the Cure Period (as may be extended pursuant to the preceding sentence, and subject to Uncontrollable Events), or if a Bankruptcy Event occurs (either, an "**Event of Default**"), then the Builder may elect to appoint either itself or another qualified third party (which may include another builder under contract with Developer to purchase lots within the Development, provided that such builder agrees to, and accepts, such appointment) ("**Substitute Constructing Party**") to assume and take over the construction of the Improvements by providing written notice to Developer of its election (the "**Assumption Notice**"). Substitute Constructing Party's assumption of the construction of the Improvements shall not include the assumption of any liability for acts or omissions occurring prior to the Assumption Notice, or payment of any "Constructing Party Cost Overruns" (as defined below) incurred prior to the Assumption Notice, which Constructing Party Cost Overruns shall remain the sole responsibility of the Developer, or receipt of any cost savings prior to the Assumption Notice; provided, however, that the Substitute Constructing Party shall be entitled to an administrative fee in an amount equal to two percent (2%) of the remaining Costs (as defined below) actually paid, which administrative fee shall be included in the Constructing Party Cost Overruns. The Builder's election to appoint a Substitute Constructing Party to assume and take over the construction of the Improvements and to exercise and enforce the rights and obligations set forth in Section 4.6.2 below shall thereafter be the Builder's sole and exclusive remedy.

4.6.2 Assumption Right. If Builder delivers an Assumption Notice, then: (i) Developer shall cooperate to allow the Substitute Constructing Party to take over and complete the incomplete Improvements, including the execution and delivery to the Substitute Constructing Party of such agreements, documents or instruments as may be reasonably necessary to assign to the Substitute Constructing Party all Construction Contracts with third parties pertaining to the Improvements; (ii) Developer shall remain responsible for all Constructing Party Cost Overruns (as hereinafter defined), but Developer shall be relieved of all further obligations under this LDA with respect to the completion of the incomplete Improvements subsequent to such assumption; (iii) Developer shall remain liable for its negligence or willful misconduct, and any indemnification obligations specified herein incurred prior to the date of such assumption; and (v) Substitute Constructing Party shall assume and perform all obligations under all Contracts for Improvements which Substitute Constructing Party will complete to the extent such obligations are to be performed after the date of delivery of the Assumption Notice. Upon delivery of an Assumption Notice, Substitute Constructing Party shall be obligated to complete the Improvements and pay the Costs incurred thereafter by Substitute Constructing Party to complete the Improvements. If a Substitute Constructing Party assumes the obligation to construct the Improvements, the Builder's obligation for the payment of costs under Section 6.1 which are due and payable after the date of the Assumption Notice shall be suspended and thereafter terminated if the Substitute Constructing Party achieves Substantial Completion of any unfinished Improvements, and the Substitute Constructing Party shall be entitled to recover the Constructing Party Cost Overruns incurred by the Substitute Constructing Party from the Developer. In the event of an Assumption Notice, the Substitute Constructing Party shall indemnify, defend and hold harmless the Developer and its members, managers, shareholders, employees, directors, officers, agents, affiliates, successors and assigns for, from and against all claims, demands, liabilities, losses, damages (exclusive of special, consequential, punitive, speculative or lost profits damages), costs and expenses, including but not limited to court costs and reasonable attorneys' fees, that accrue after the date of the Assumption Notice and arise out of the Substitute Constructing Party's completion of the Improvements, and this indemnity shall not apply to any claims, demands, liabilities, losses, damages, costs, expenses, acts or omissions arising or accruing before the date of the Assumption Notice. The obligations under this Section shall survive the termination or expiration of this LDA.

4.6.3 Appointment of Substitute Constructing Party. For purposes of exercising the self-help remedies set forth in this Section 4.6 with respect to an Event of Default, Builder may elect to appoint either itself or another Substitute Constructing Party (which may include another builder under contract with Developer to purchase lots within the Development, provided that such builder agrees to, and accepts, such appointment) who shall then have the right and authority to act pursuant to the self-help provisions of this Section 4.6 ("**Designated Builder**"). If the cure of an Event of Default requires the construction or completion of Improvements that serve both the Builder Lots and other lots that are owned by another homebuilder that is under contract with Developer for the completion of such Improvements (the "**Joint Improvements**"), then the Builder shall, at Builder's election, have the first right and option (ahead of all other builders within the Development) to step in and act on behalf of all such builders pursuant to the self-help provisions of this Section 4.6 with respect to the Joint Improvements ("**Builder's Step-In Option**"). Builder may exercise the Builder Step-In Option by giving notice to Developer and the other builders within fifteen (15) days following the Event of Default ("**Builder's Step-In Deadline**"). If Builder does not exercise Builder's Step-in Option prior to the Builder Step-In Deadline, then the other builders shall have the right to exercise an option to step-in and select a Substitute Contracting Party to act on behalf of all such builders pursuant to the self-help provisions of this Section 4.6 with respect to the Joint Improvements by giving notice to Developer and the other builders within fifteen (15) days following the expiration of Builder's Step-In Deadline. The Developer, builder, the other builders(s) affected by any joint improvements and the Title Company will at Closing execute a "**Joint Improvements Memorandum**" that describes the rights and obligations of Developer, Builder, such other builder(s) and Title Company and such document will supplement this Lot Development Agreement regarding the installation and construction of any Joint Improvements. The form of the Joint Improvements Memorandum shall be agreed upon during the Inspection Period under the Contract and attached to this Lot Development Agreement as **Exhibit J**.

4.7 Over-Excavation of Lots. The Parties acknowledge that the Improvements shall not include Overex of the Lots. Builder, with respect to its Builder Lots shall, at its sole cost, cause the Overex to be performed, and shall have the right to enter such Builder Lots for the purposes of performing the Overex; provided, however, that such entry shall be performed in a manner that does not materially interfere with or result in a material delay or an increase in the Costs or any expenses in the construction of the Improvements, and provided further that Builder shall promptly repair any portion of the Builder Lots and adjacent property that is materially damaged by Builder or its agents, designees, employees, contractors, or subcontractors in performing the Overex. THE PARTIES ACKNOWLEDGE AND AGREE THAT DEVELOPER IS NOT PERFORMING ANY OVER-EXCAVATION OF THE BUILDER LOTS AND THAT THE DEVELOPER SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO OR ARISING OUT OF ANY OVER-EXCAVATION OF THE BUILDER LOTS OR EXPANSIVE SOILS PRESENT ON THE BUILDER LOTS AND DEVELOPER EXPRESSLY DISCLAIMS ANY LIABILITY WITH RESPECT TO ANY OVER-EXCAVATION OF THE LOTS AND EXPANSIVE SOILS PRESENT ON THE BUILDER LOTS. BUILDER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS DEVELOPER AND ITS SHAREHOLDERS, EMPLOYEES, DIRECTORS, OFFICERS, AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS FOR, FROM AND AGAINST ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES (EXCLUSIVE OF SPECIAL, CONSEQUENTIAL, PUNITIVE, SPECULATIVE OR LOST PROFITS DAMAGES), COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO COURT COSTS AND REASONABLE ATTORNEYS' FEES, ARISING OUT OF BUILDER'S OVER-EXCAVATION OR OTHER SOIL MITIGATION OR BUILDER'S ELECTION NOT TO PERFORM SOILS MITIGATION, ON OR PERTAINING TO THE BUILDER LOTS. THE PROVISIONS OF THIS SECTION 4.7 SHALL EXPRESSLY SURVIVE THE EXPIRATION OR TERMINATION OF THIS LDA.

4.8 Warranty Periods.

4.8.1 Government Warranty Period. The Approving Authorities may require a warranty period after the Substantial Completion of the Improvements (a "**Government Warranty Period**"). In the event defects in the Improvements to which a governmental warranty applies become apparent during the Government Warranty Period, then Developer shall coordinate the repairs with the applicable Approving Authorities and cause the Service Provider(s) who performed the work or supplied the materials in which the defect(s) appear to complete such repairs or, if such Service Providers fail to correct such defects, otherwise cause such defects to be repaired to the satisfaction of the Approving Authorities. Any costs and expenses incurred in connection with any repairs or warranty work performed during the Government Warranty Period (including, but not limited to, any costs or expenses incurred to enforce any warranties against any Service Providers) shall be borne by Developer and shall be included in the Constructing Party Cost Overruns, unless such defect or damage was caused by Builder or its contractors, subcontractors, employees, or agents, in which event Builder shall pay all such costs and expenses to the extent caused by Builder or its contractors, subcontractors, employees, or agents. Any damage to an Improvement that was not listed on the Builder Punchlist shall be presumed to have been caused by Builder or its contractors, subcontractors, employees, or agents, unless the Builder conclusively proves that the damage was caused as the result of a design or construction defect in the original construction by Developer as determined by agreement of the parties or as determined pursuant to the Expedited Dispute procedure in Section 7, below.

4.8.2 Non-Government Warranty Period. Developer warrants ("**Non-Government Warranty**") to Builder that each Improvement to which a Governmental Warranty Period does not apply shall have been constructed in accordance with the Plans for one (1) year from the date of Substantial Completion of the Improvement (the "**Non-Government Warranty Period**"). If Builder delivers written notice to Developer of breach of the Non-Government Warranty during the Non-Government Warranty Period, then Developer shall coordinate the corrections with the Builder and cause the Service Provider(s) who performed the applicable work or supplied the applicable materials to complete such corrections or, if such Service Providers fail to make such corrections, otherwise cause such corrections to be made. Any costs and expenses incurred in connection with a breach of the Non-Government Warranty shall be borne by Developer (including, but not limited to, any costs or expenses incurred to enforce any warranties against Service Providers), and shall be included in the Constructing Party Cost Overruns, unless such breach was caused by Builder or its contractors, subcontractors, employees, or agents, in which event the Builder shall pay all such costs and expenses to the extent caused by Builder or its contractors, subcontractors, employees, or agents. Any damage to an Improvement that was not listed on the Builder Punchlist shall be presumed to have been caused by Builder or its contractors, subcontractors, employees, or agents, unless Builder conclusively proves that the damage was caused as the result of a design or construction defect in the original construction by Developer. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 4.8.1 OR 4.8.2, THE DEVELOPER PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO BUILDER IN RELATION TO THE IMPROVEMENTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS ALL OF THE SAME AND SHALL HAVE NO OBLIGATION TO REPAIR OR CORRECT ANY DEFECT IN IMPROVEMENTS FOR WHICH NO CLAIM IS ASSERTED DURING THE APPLICABLE WARRANTY PERIOD. The preceding sentence does not affect, alter or modify any Service Provider's obligations to repair or correct any defects in Improvements and shall not be construed as a limitation on the Builder's statutory rights or remedies which may not be modified by contract.

4.9 License for Construction. Each Party hereby grants to Developer or the Substitute Constructing Party (as applicable) and the Service Providers a temporary, non-exclusive license to enter upon the parcel within the Property owned by such Party as reasonably necessary for the installation of the Improvements, rough grading of the Builder Lots, stubbing of utilities and/or the performance of Developer's (or Substitute Constructing Party's, as applicable) responsibilities under this LDA. Each Party further agrees to grant such separate written rights of entry and/or licenses in or upon the parcel owned by such Party as may be reasonably necessary for installation of the Improvements, rough grading of the Builder Lots and stubbing of utilities. No rights of entry and/or licenses over any portion of the Property may be exercised or used by a Party in any fashion that would unreasonably interfere with or adversely impact any other Party's development of its parcel. The rights under this Section or any instruments delivered hereunder shall terminate upon the expiration of all Government Warranty Periods.

4.10 Liens. Developer shall pay, or cause to be paid, when due, all liens and claims for labor and/or materials furnished to the Builder Lots pursuant to this LDA to prevent the filing or recording by any third party of any mechanics', materialmen's or other lien, stop notice or bond claim or any attachments, levies or garnishments (collectively "**Liens**") involving the Improvements. Developer will, within forty-five (45) calendar days after written notice from Builder or after Developer otherwise become aware of such Liens, terminate the effect of any Liens by filing or recording an appropriate release or bond if so requested by Builder. If a Builder requests a Developer to file and obtain any such release or bond and Developer fails to do so within forty-five (45) calendar days of such request (which 45-day period may be extended by Developer to 60 days provided that Developer has proceeded in good faith and with diligence and not achieved the filing or recording of an appropriate release or bond by the end of the 45-day period), Builder may obtain such bond or secure such release on behalf of Developer, and Developer shall reimburse Builder for all costs and fees related thereto within thirty (30) days after receipt of written request therefor.

4.11 Tree Lawns/Sidewalks. Notwithstanding anything in this LDA to the contrary, Developer shall have no obligation to construct, install, maintain or pay for the maintenance, construction and installation of (i) any landscaping or irrigation for such landscaping behind the curb on any Builder Lot that is to be maintained by the owner of such lot (collectively, "**Tree Lawns**"), but Developer shall be responsible for constructing and installing the detached sidewalks and ramps (collectively, "**Sidewalks**") that are located immediately adjacent to any Builder Lot or on a tract as required by the approved Plans, County, or any other Approving Authority and/or applicable laws as provided in this LDA. Builders shall be responsible for installing any other lead walks, pathways, and driveways and any other flatwork on the Builder Lots. Builder shall install all Tree Lawns on or adjacent to its Builder Lots in accordance with all applicable Plans, requirements, regulations, laws, development codes and building codes of all Approving Authorities and such Tree Lawns shall not be considered part of the Improvements.

4.12 Soil Hauling. Builder shall be responsible for relocating from the Builder Lots all surplus soil generated during Builder's construction of structures on the Builder Lots. At the option of the Seller under the Contract, in its sole discretion, the surplus soil shall be transported at Builder's expense to a site designated by Seller within the Development. If and to the extent that Seller establishes stock pile site within the Property, Seller may modify any such stock pile locations from time to time in Seller's discretion. At Seller's request, Builder shall supply copies of any reports or field assessments identifying the material characteristics of the excess soil prior to accepting such soil for fill purposes. Notwithstanding the foregoing, in the event that Seller does not establish a stock pile site or elects not to accept any surplus soils from Builder, then Builder shall, at its sole expense, find a purchaser or taker or otherwise transport and dispose of such surplus soil upon such terms as it shall desire, but such surplus soil must still be removed from the Property and may not be stockpiled on the Property or within the Development after construction has been completed.

5. Costs of Improvements.

5.1 Definition of Costs. As used herein, the term "**Costs**" shall mean all hard and soft costs incurred in connection with the design (including all engineering expenses), construction and installation of the Improvements, including, but not limited to, costs of labor, materials and suppliers, engineering, design and consultant fees and costs, blue printing services, construction staking, demolition, soil amendments or compaction, any processing, plan check or permit fees for the Improvements, engineering services required to obtain a permit for and complete the Improvements, costs of compliance with all applicable laws, costs of insurance required by this LDA, costs of any financial assurances, any corrections, changes or additions to work required by the Approving Authorities or necessitated by site conditions, municipal, state and county taxes imposed in connection with construction of the Improvements, any warranty work, and any other costs incurred in connection with the performance of the obligations of Developer or the Substitute Constructing Party (as applicable) hereunder to complete the Improvements.

5.2 Budget. Attached hereto as **Exhibit F** is an estimate of the Costs to construct the Improvements (the "**Budget**"). The Costs identified on the Budget are referred to herein as "**Budgeted Costs**." Builders shall pay or cause to be paid pursuant to Article 6 below a share of the Budgeted Costs. The costs identified on the Budget are referred to herein as ("**Budgeted Costs**"). As consideration for the Developer's performance under this LDA and the construction of the Improvements, Builder shall pay the Deferred Purchase Price which is equal to (i) a share of the Budgeted Costs in the amount of Fifty Four Thousand Dollars **($**54,000.00**)** per Builder Lot plus the Escalator (which based on a total of 190 Builder Lots is equal to $10,260,000.00 plus the Escalator), and (ii) the Builder Cost Overruns, as defined below (collectively, the "**Maximum Builder Costs**").

5.3 Cost Overruns. Notwithstanding anything in this LDA to the contrary, the Developer shall pay (i) all costs for changes to the Plans or Improvements required by any Approving Authority or to correct any error or defect in the Plans that cause the Costs to exceed the Budgeted Costs, (ii) the costs of all other changes to the Plans or Improvements requested by the Developer that cause the Costs to exceed the Budgeted Costs, and (iii) all other costs and charges that cause the Costs to exceed the Budged Costs (with the exception of Builder Cost Overruns) (collectively, the "**Constructing Party Cost Overruns**"). The Builder shall immediately pay all costs of changes to the Plans or Improvements requested by Builder that causes the Costs to exceed the Budgeted Costs ("**Builder Cost Overruns**") and Builder shall not have any responsibility for Constructing Party Cost Overruns unless such Constructing Party Cost Overruns occur as a result of Builder's breach of its obligations under this LDA.

5.4 Accounting. Developer shall keep good and accurate books and records in sufficient detail to allow the Costs to be calculated, which books and records shall be made available for review (upon reasonable prior written notice) by the Parties. Within thirty (30) days after Substantial Completion of the Improvements, the Developer shall deliver to Builder a reasonably detailed final accounting of the Costs.

5.5 Progress Reports. Developer shall, no less frequently than once per month, provide Builder with a progress report setting forth the amount of Costs expended to date, a list of Improvements completed, to date, and an estimate by a project manager of Developer of the status of overall completion of the Improvements, in such form as Developer deems reasonably appropriate ("**Progress Report**").

6. Payment of Costs.

6.1 Payment.

6.1.1 Payment. Pursuant to the terms of the Contract, Builder shall pay to Developer, as Seller, part of the Purchase Price in cash at each closing (the "**Initial Purchase Price**"), and pay in accordance with the terms of this LDA a deferred portion of the Purchase Price ("**Deferred Purchase Price**") equal to the Maximum Builder Costs (including Builder Cost Overruns, if any) which represents Builder's share of the Budgeted Costs of the Improvements. After Builder pays the Initial Purchase Price, Builder has no responsibility for payment of any funds in excess of the Maximum Builder Costs. The Deferred Purchase Price is payable to Developer in installments based upon completion of the Improvements that serve each phase of the Builder Lots as follows:

(a) Takedown 1 Lots – Phase 1. Phase 1 consists of approximately 50 Lots that are a part of the Takedown 1 Lots as identified on the Concept Plan (the "**Phase 1 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 1 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 1 in the amount of $1,350,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 1 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,350,000.00 plus the Escalator.

(b) Takedown 1 Lots – Phase 2. Phase 2 consists of approximately 50 Lots that are a part of the Takedown 1 Lots as identified on the Concept Plan (the "**Phase 2 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 2 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 2 in the amount of $1,350,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 2 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,350,000.00 plus the Escalator.

(c) Takedown 2 Lots – Phase 3. Phase 3 consists of approximately 45 Lots that are a part of the Takedown 2 Lots as identified on the Concept Plan (the "**Phase 3 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 3 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 3 in the amount of $1,215,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 3 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,215,000.00 plus the Escalator.

(d) Takedown 2 Lots – Phase 4. Phase 4 consists of approximately 45 Lots that are a part of the Takedown 2 Lots as identified on the Concept Plan (the "**Phase 4 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 4 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 4 in the amount of $1,215,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 4 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,215,000.00 plus the Escalator.

(e) Escalator. All payments of the Deferred Purchase Price shall be subject to the Escalator as provided in Section 2(b) of the Contract.

(f) Invoice. After Substantial Completion is achieved as described above, Builder shall pay the applicable portion of the Deferred Purchase within five (5) business days after an invoice for payment is delivered to Builder by Developer.

(g) Definition of Wet Utilities. The Wet Utilities that serve each Phase of the Builder Lots that will trigger the Builder's payment obligation upon Substantial Completion thereof are identified on **Exhibit G**.

(h) Security for Payment of Deferred Purchase Price - Letter of Credit In order to secure Builder's obligation following each Closing to pay the Deferred Purchase Price in accordance with the terms of the Contract and the payment obligations set forth above in this Section 6.1, at each Closing, Builder shall deliver to Title Company, acting as escrow agent, a letter of credit issued by HomeAmerican Mortgage Corporation in the form attached to the Contract as Exhibit G and to this LDA as **Exhibit I** (the "**Letter of Credit**") and in an amount equal to the sum of the Deferred Purchase Price for all of the Lots acquired by Builder at such Closing plus the estimated Escalator thereon in an amount equal to $1,350.00 per Lot acquired at the Second Closing with respect to the Letter of Credit delivered at the Second Closing. Title Company shall hold and maintain the Letter of Credit pursuant to this LDA and the Contract in an escrow account established by Title Company for the benefit of Developer and Builder (pursuant to the terms of an escrow agreement to be agreed upon by Developer, Builder and Title Company during the Due Diligence Period). The Letter of Credit for each Closing shall remain in place until the final payment of the Deferred Purchase Price applicable to such Closing has been made to the Developer following Substantial Completion of the Improvements which serve the Lots acquired by Builder at such Closing. If the Letter of Credit is scheduled to expire prior to the Substantial Completion of all of such Lots, and Builder has not renewed the Letter of Credit at least fifteen (15) days prior to the expiration date thereof, Title Company is authorized and directed to draw down the full amount of the Letter of Credit and deposit such funds in escrow to be used solely for the payment of any unpaid Deferred Purchase Price. The Letter of Credit may provide that it shall be reduced from time to time to the extent of payments of the Deferred Purchase Price in Good Funds made by Purchaser for Improvements in accordance with the terms, including the payment schedule, set forth in this LDA and the Contract. The Letter of Credit for each Closing shall be returned to Builder, together with an executed reduction certificate reducing the face amount thereof to $0.00, upon payment in full of the Deferred Purchaser Price in Good Funds for all of the Lots in such Closing. Failure by Builder to pay any portion of the Deferred Purchase Price when the same shall become due and payable, provided that at such failure continues for a period of ten days after the delivery of written notice thereof from Developer to Builder, shall entitle Developer to enforce the collection of the delinquent Deferred Purchase Price by drawing upon the Letter of Credit or having the Title Company draw upon the Letter of Credit, and in either event the funds so drawn shall be paid to Developer as payment of any unpaid Deferred Purchase Price and such failure to pay shall be deemed cured. If Developer or Title Company is unable to draw upon the Letter of Credit, Developer may protect and enforce its rights under this LDA pertaining to payment of the Deferred Purchase Price by (i) such suit, action, or special proceedings as Developer shall deem appropriate, including, without limitation, any proceedings for the specific performance of any covenant or agreement contained in this LDA or the Contract or the enforcement of any other appropriate legal or equitable remedy, or for the recovery of actual damages (excluding consequential, punitive damages or similar damages) caused by Builder's failure to pay the Deferred Purchase Price, including reasonable attorneys' fees, and (ii) enforcing Developer's lien rights set forth in this LDA. Developer's remedies are non-exclusive.

7. Expedited Dispute Resolution.

7.1 Disputes Related to Material Changes, Draw Requests and Punchlist Items. Notwithstanding anything to the contrary herein, disputes related to Material Changes, any Builder Punchlist item or matter, objections to Construction Contracts, determination of Substantial Completion or the amount of or responsibility for Constructing Party Cost Overruns or Builder Cost Overruns ("**Expedited Disputes**") shall all be resolved by an independent, impartial third party qualified to resolve such disputes as determined by the Parties involved in the Expedited Dispute ("**Informal Arbitrator**"). If such Parties cannot agree on an Informal Arbitrator, then the Parties involved shall select one (1) registered engineer and the Builder shall select one (1) registered engineer and the engineers so selected by such Parties shall promptly select an independent, impartial third party qualified to act as the Informal Arbitrator and resolve the Expedited Dispute. Within five (5) business days after a Party delivers a Dispute Notice, the Developer and the Builder shall deliver to the Informal Arbitrator a written statement of how such Party believes the Expedited Dispute should be resolved, together with reasonable supporting documentation of such position ("**Resolution Notice**"). Within ten (10) business days after receipt of Resolution Notices from both such Parties, the Informal Arbitrator shall approve one (1) of the Parties' Resolution Notice and shall deliver written notice of such approval to each Party. The decision of the Informal Arbitrator shall be binding on all Parties with respect to the applicable Expedited Dispute. All Parties shall timely cooperate with the Informal Arbitrator in rendering his or her decision. The party that is not the prevailing party in the resolution of any Expedited Dispute shall promptly pay the Informal Arbitrator's fee, and the prevailing party's other fees and costs of any such expedited dispute resolution process and reasonable attorney's fees. The term "prevailing party" means the party who successfully obtains substantially all of the relief sought by such party or is successful in denying substantially all of the relief sought by the other party. The Parties acknowledge that there is a benefit to the Parties in having work done as expeditiously as possible and that there is a need for a streamlined method of making decisions described in this Section so that work is not delayed. A Party and shall not be entitled to recover from any other Party exemplary, punitive, special, indirect, consequential or any other damages other than actual damages (unless the Informal Arbitrator finds intentional abuse or frustration of the arbitration process) in connection with an Expedited Dispute.

7.2 Standards of Conduct. The Parties agree that with respect to all aspects of the expedited dispute resolution process contained herein they will conduct themselves in a manner intended to assure the integrity and fairness of that process. To that end, if an Expedited Dispute is submitted to expedited dispute resolution process, the Parties agree that they will not contact or communicate with the Informal Arbitrator who was appointed with respect to any Expedited Dispute either *ex parte* or outside of the contacts and communications contemplated by this Article 7, and the Parties further agree that they will cooperate in good faith in the production of evidence in a prompt and efficient manner to permit the review and evaluation thereof by the other Parties.

8. Progress Meetings. From and after the date of this LDA and until Substantial Completion of the Improvements, the Parties shall cause their designated representatives to meet within five (5) business days following a request from a Party regarding the status of construction of the Improvements, scheduling and coordination issues, engineering and design issues, and other similar issues. Any Party may change its designated representative under this LDA at any time by written notice to the other parties. The initial designated representative for each Party for the purpose of this Section shall be the individual listed on each Party's respective signature page attached hereto. All inquiries, requests, instructions, authorizations, and other communications with respect to the matters covered by this LDA shall be made to such representatives. Any Party may without further or independent inquiry, assume and rely at all times that the representatives of the other parties designated hereunder have the power and authority to make decisions on behalf of such other parties, to communicate such decisions to the other Party and to bind such Party by his acts and deeds, unless otherwise notified in writing by the Party designating the representative. Any Party may change its representative under this LDA at any time by written notice to the other Parties.

9. Builder's Stormwater Permit Responsibilities. During any Overex construction activities performed on the Builder Lots by Builder and following Substantial Completion of the Improvements and prior to Builder engaging in any construction activities upon the Builder Lots, Builder shall obtain from the Colorado Department of Public Health, Water Quality Control Division, a Colorado Construction Stormwater Discharge Permit issued to Builder with respect to the Builder Lots. No fewer than five (5) business days prior to the initiation of Overex or construction activities on any Builder Lot, Builder shall deliver a copy of at least one (1) of the following documents to Developer:

9.1.1 Such valid Colorado Construction Stormwater Discharge Permit for the Builder Lots;

9.1.2 A signed notice of reassignment of permit coverage (State of Colorado Form COR030000 or current equivalent), that transfers any pre-existing permit coverage for the Builder Lots; or

9.1.3 A signed State of Colorado modification form to add the Builder Lots if Builder has an existing site permit with the State of Colorado within the Property.

To the extent required by the County, Builder shall also obtain a Stormwater Quality Permit issued to Builder by the County for the Builder Lots. Builder shall be responsible to obtain and maintain any State of Colorado dewatering permits if required for Builder's further construction within the Builder Lots. If requested by Developer, Builder shall execute a Notice of Property Conveyance and Change in Responsibility for the Colorado Discharge Permit held by Developer or an affiliated entity with respect to the Property. In all cases, Builder shall obtain from the Colorado Department of Public Health & Environment Water Quality Control Division, a Notice of Property Conveyance and Change in Responsibility on a form acceptable to the Colorado Department of Public Health & Environment Water Quality Control Division executed by Builder, for the Colorado Stormwater Discharge Permit held by Developer with respect to the Builder Lots prior to any construction by Builder on the Builder Lots.

9.2 Developer's Stormwater Permit responsibilities. Developer shall obtain and comply with all necessary permits related to stormwater and erosion control from all Approving Authorities, in relation to the construction, repair, and maintenance of the Improvements.

10. Notices and Communications. All notices, statements, demands, requirements, approvals or other communications and documents ("**Communications**") required or permitted to be given, served, or delivered by or to any Party or any intended recipient under this LDA shall be in writing and shall be given to the addresses set forth in this Section 10 ("**Notice Address**"). Communications to a Party shall be deemed to have been duly given (i) on the date and at the time of delivery if delivered personally to the Party to whom notice is given at such Party's Notice Address; or (ii) on the date and at the time of delivery or refusal of acceptance of delivery if delivered or attempted to be delivered by an overnight courier service to the Party to whom notice is given at such Party's Notice Address; or (iii) on the date of delivery or attempted delivery shown on the return receipt if mailed to the Party to whom notice is to be given by first-class mail, sent by registered or certified mail, return receipt requested, postage prepaid and properly addressed to such Party at such Party's Notice Address; or (iv) on the date and at the time shown on the facsimile or electronic mail message if telecopied or sent electronically to the number or address designated in such Party's Notice Address and receipt of such telecopy or electronic mail message is electronically confirmed (provided, however, any notice of default from Developer to Builder may not be delivered by electronic mail message and must be delivered by facsimile or other delivery method set forth above). The Notice Addresses for the Developer and Builder are as follows:

To Developer:

PCY Holdings, LLC
Attention: Mark Harding
34501 E. Quincy Ave.
Bldg. 34, Box 10
Watkins, Colorado 80137
Telephone: (303) 292-3456
Facsimile: (303) 292-3475
E-mail: mharding@purecyclewater.com

with a copy to:

Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attention: Rick Rubin, Esq.
Telephone: (303) 292-1200
Email: rrubin@foxrothschild.com

To Builder:

Linda Purdy
Richmond American Homes of Colorado, Inc.
4350 South Monaco Street
Denver, Colorado 80237
Telephone: (720)-977-3847
Facsimile.: (720) 977-4707
Email: linda.purdy@mdch.com

with a copy to:

M.D.C. Holdings, Inc.
4350 South Monaco Street
Denver, Colorado 80237
Attn: Drew Rippey
Telephone: (720) 977-3213
Telecopier No. (720) 482-8558
Email: Drew.Rippey@mdch.com

M.D.C. Holdings, Inc.
4350 S. Monaco Street
Denver, CO 80237
Attn: Linda Zimmerman Skultety
Senior Paralegal – Real Estate
Telephone: 720-977-3254
Fax: 303-488-4954
Email: Linda.Skultety@mdch.com

If to Title Company:

Land Title Guarantee Company
Attn: Tom Blake
3033 E. 1st Ave. #600
Denver, Colorado 80206
Fax#: 303-393-4959
Direct: 303-331-6237
Email: tblake@ltgc.com

11. Attorneys' Fees. Except as provided in Section 7.1, should any action be brought in connection with this LDA, including, without limitation, actions based on contract, tort or statute, the prevailing Party in such action shall be awarded all costs and expenses incurred in connection with such action, including reasonable attorneys' fees. The provisions of this Section shall survive the expiration or termination of this LDA.

12. Further Acts. Each of the Parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this LDA.

13. No Partnership; Third Parties. It is not intended by this LDA to, and nothing contained in this LDA shall, create any partnership, joint venture or other arrangement among the Parties hereto. No term or provision of this LDA is intended to, or shall, be for the benefit of any person, firm, organization or corporation not a Party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

14. Entire Agreement; Headings for Convenience Only; Not to be Construed Against Drafter; No Implied Waiver This LDA and all other written agreements among the Parties constitute the entire agreement among the Parties hereto pertaining to the subject matter hereof. No change or addition is to be made to this LDA except by written amendment executed by the Parties. The headings, captions and titles contained in this LDA are intended for convenience of reference only and are of no meaning in the interpretation or effect of this LDA. This LDA shall not be construed more strictly against one (1) Party than another merely by virtue of the fact that it may have been initially drafted by one (1) of the Parties or its counsel, since all Parties have contributed substantially and materially to the preparation hereof. No failure by a Party to insist upon the strict performance of any term, covenant or provision contained in this LDA, no failure by a Party to exercise any right or remedy under this LDA, and no acceptance of full or partial payment owed to a Party during the continuance of any default by the other Party(ies), shall constitute a waiver of any such term, covenant or provision, or a waiver of any such right or remedy, or a waiver of any such default unless such waiver is made in writing by the Party to be bound thereby. Any waiver of a breach of a term or a condition of this LDA shall not prevent a subsequent act, which would have originally constituted a default under this LDA, from having all the force and effect of a default.

15. Governing Law. This LDA is entered into in Colorado and shall be construed and interpreted under the law of the State of Colorado without giving effect to principles of conflicts of law which would result in the application of any law other than the law of the State of Colorado.

16. Severability. If any provision of this LDA is declared void or unenforceable, such provision shall be severed from this LDA and shall not affect the enforceability of the remaining provisions of this LDA.

17. Assignment; Binding Effect. This LDA shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Builder or Developer may assign any of its rights or obligations under this LDA without the prior written consent of the other Party(ies), which consent may be withheld in each Party's sole and absolute discretion; provided, however, that:

17.1 Builder may assign, without consent, its rights under this LDA in full, but not in part: (i) to a third party which acquires all of Builder's Builder Lots, or (ii) to an entity that controls, is controlled by, or under common control with, Builder; provided further, however that Developer approves the form of assignment, which approval shall be in Developer's reasonable discretion; and

17.2 Developer may assign, without consent (but with prior notice to Builder), its rights under this LDA: (i) to an entity that controls, is controlled by, or under common control with, Developer; (ii) to any entity that acquires all or substantially all of the Developer's interests in the Builder Lots which Seller reasonably believes has the financial ability and experience to perform Seller's obligations under this LDA.

18. Counterparts; Copies of Signatures. This LDA may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. The signature pages from one (1) or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document. This LDA may be executed and delivered by facsimile or by electronic mail in portable document format (.pdf) or similar means and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other party. Upon execution of this LDA by Developer and Builder, Developer shall provide a fully executed copy of this LDA to Builder for its records.

19. Time of the Essence. Time is of the essence for performance or satisfaction of all requirements, conditions, or other provisions of this LDA, subject to any specific time extensions set forth herein.

20. Computation of Time Periods. All time periods referred to in this LDA shall include all Saturdays, Sundays and holidays, unless the period of time specifies business days. If the date to perform any act or give a notice with respect to this LDA shall fall on a Saturday, Sunday or national or state holiday, the act or notice may be timely performed on the next succeeding day which is not a Saturday, Sunday or a national or state holiday.

21. Remedies.

21.1 Except as hereinafter provided with regard to Expedited Disputes and the self-help remedy under Section 4.6, if any Party is in default of any of its obligations under this LDA beyond any applicable notice or cure periods, the other Party(ies) may avail itself to any rights and remedies available at law and equity, but may only recover its actual, out-of-pocket damages (excluding any incidental, consequential, speculative, punitive or lost profits damages) incurred as a result of such default. For Expedited Disputes, the sole and exclusive remedy of the Parties is set forth in Section 7 of this LDA, and for Developer Defaults, the sole and exclusive remedy of the Parties is set forth in Section 4.6 of this LDA.

21.2 In addition to the remedies permitted under Section 21.1, any claim by Developer against Builder for breach of Builder's obligation hereunder to pay of any portion of the Deferred Purchase Price, together with simple interest at the rate of 12% per annum from the date such payment is due and payable, and all costs and expenses including reasonable attorneys' fees awarded to Developer in enforcing any payment in any suit or proceeding under this LDA, shall constitute a lien ("**Lien**") against the applicable Phase of Builder Lots to which the payment pertains until paid, effective upon the recording of a notice of lien with respect thereto in the Office of the Clerk and Recorder of the County; provided, however, that any such Lien shall be subject and subordinate to (i) liens for taxes and other public charges which by applicable law are expressly made superior, and (ii) all liens recorded in the Office of the Clerk and Recorder of the County prior to the date of recordation of said notice of lien. All liens recorded subsequent to the recordation of the notice of lien described herein shall be junior and subordinate to the Lien. The notice of lien will be signed and acknowledged by Developer and will contain the following: (a) a statement of all amounts due and payable; (b) a description sufficient for identification of the applicable Phase of Builder Lots to which the notice relates; (c) the name of the Builder as owner of such Builder Lots; and (d) the name and address of the Developer causing the notice to be recorded. Developer has the right to enforce the Lien by foreclosing the Lien against the applicable Phase of Builder Lots under the prevailing Colorado law relating to the foreclosure of realty mortgages. Upon the timely curing by the defaulting Builder of any default for which a notice of lien was recorded, the Developer shall record an appropriate release of such notice of lien and Lien. The sale or transfer of a Builder Lot by Builder does not affect the Lien.

22. Jury Waiver. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THE PROVISIONS OF THIS LDA.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this LDA as of the Effective Date first set forth above.

DEVELOPER:

PCY HOLDINGS. LLC,

a Colorado limited liability company

By: _____

Name: _____

Title: _____

Designated Representative: _____

BUILDER:

Richmond American Homes of Colorado, Inc.,

a Delaware corporation

By: _____

Name: _____

Title: _____

Builder's Builder Lots: _____

_____

_____

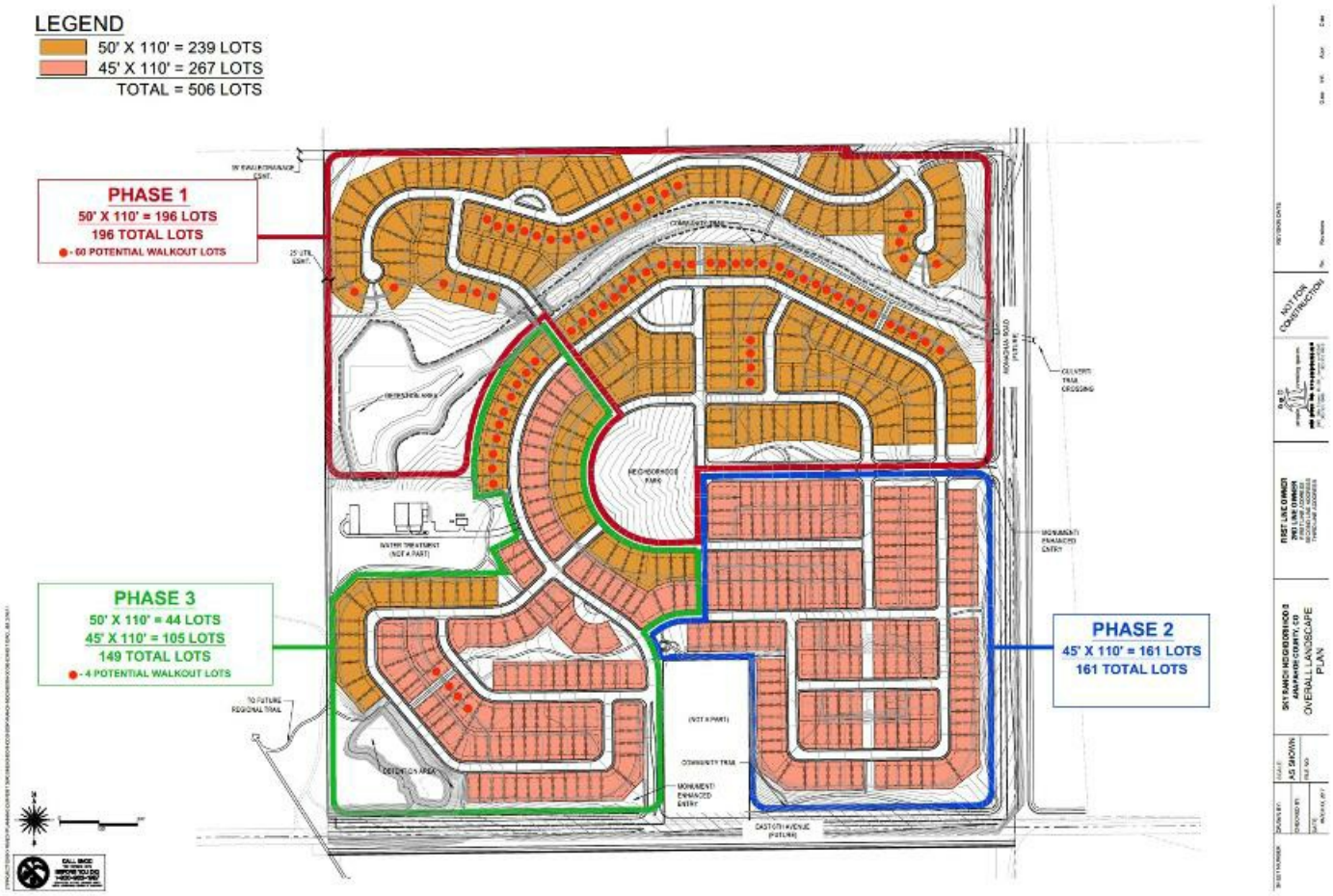
Designated Representative: _____

List of Exhibits

Exhibit A:	Concept Plan, Takedowns, Phases - Description of Property
Exhibit B:	List of Plans
Exhibit C:	Required Insurance
Exhibit D:	Finished Lot Standard
Exhibit E:	Construction Schedule
Exhibit F:	Initial Budget
Exhibit G:	Wet Utilities - Phased

Exhibit A
to
Lot Development Agreement

(Description of Property for Each Applicable Phase)



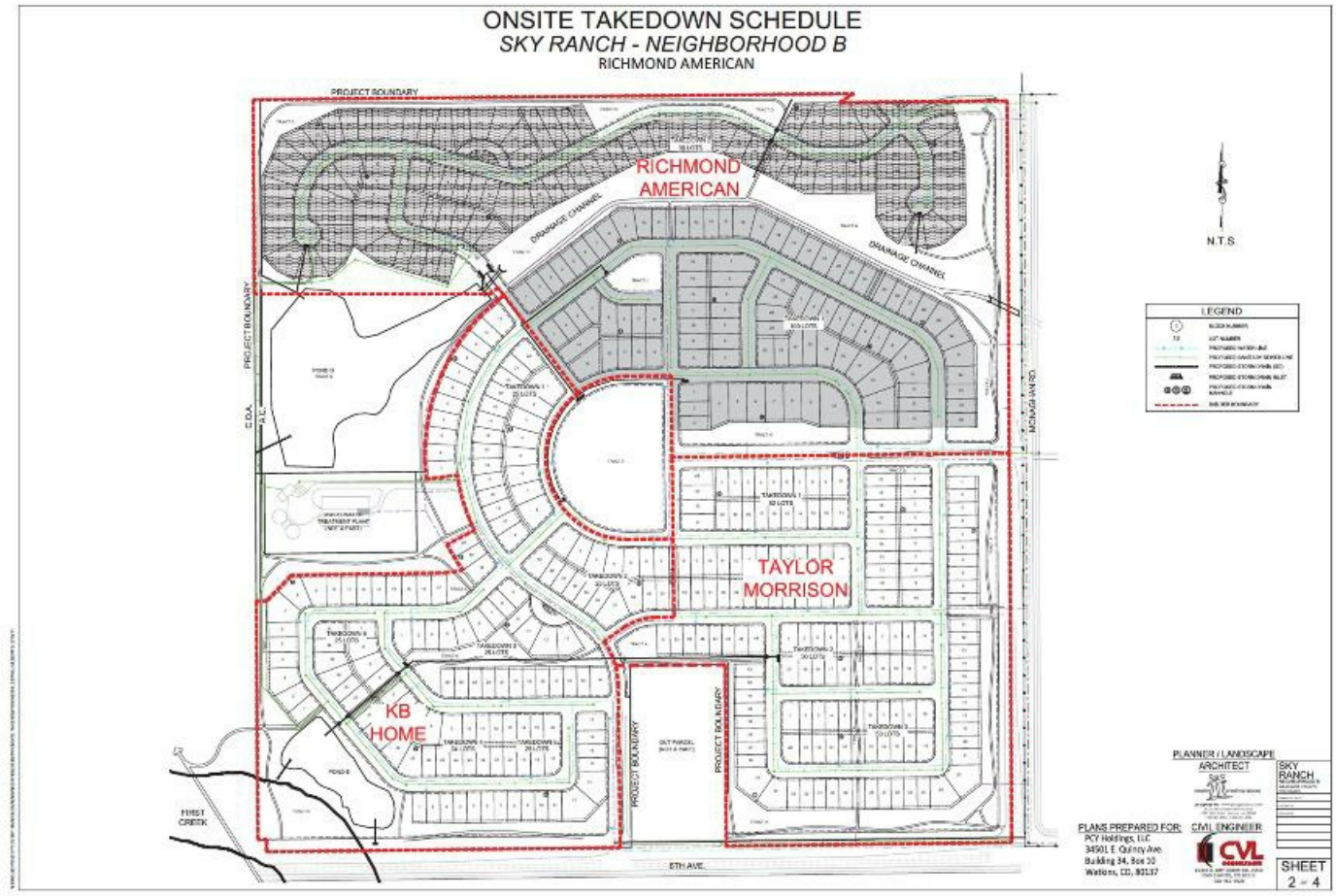
(Sky Ranch Lot Development Agreement)

Exhibit B
to
Lot Development Agreement

(List of Plans for Each Applicable Phase)

Improvements to be Constructed by
Developer

[List specific work to be performed]



(Sky Ranch Lot Development Agreement)

Exhibit C
to
Lot Development Agreement

(Required Insurance)

Developer or the Substitute Constructing Party (as applicable) shall maintain the amounts and types of insurance described below and shall cause the Service Providers to maintain such coverages from insurance companies licensed to do business in the State of Colorado having a Best's Insurance Report Rating of A/VI or better covering the risks described below:

A. Commercial General Liability Insurance (including premises, operations, products, completed operations, and contractual liability coverages) in an amount not less than One Million Dollars ($1,000,000.00) per occurrence, One Million Dollars ($1,000,000.00) personal injury and advertising injury, and Two Million Dollars ($2,000,000.00) General Aggregate.

B. Automobile Liability Insurance for all motor vehicles operated by or for Developer or Substitute Constructing Party, including owned, hired, and non-owned autos, with minimum Combined Single Limit for Bodily Injury and Property Damage of One Million Dollars ($1,000,000.00) for each occurrence.

C. Workers Compensation Insurance for all employees of Developer or Substitute Constructing Party as required by law, to cover the applicable statutory limits in the State of Colorado and employer's liability insurance with limits of liability of not less than One Million Dollars ($1,000,000.00) for bodily injury by accident (each accident) and One Million Dollars ($1,000,000.00) for bodily injury by disease (each employee).

D. With respect to Service Providers that provide professional services (e.g., engineers), professional liability insurance, including prior acts coverage sufficient to cover any and all claims arising out of the services, or a retroactive date no later than the date of commencement of the services, with limits of not less than One Million Dollars ($1,000,000.00) per claim and Two Million Dollars ($2,000,000.00) annual aggregate. The professional liability insurance shall be maintained continuously during the term of the LDA and so long as the insurance is commercially reasonably available, for a period not less than the Government Warranty Period. The professional liability insurance required by this paragraph shall not contain any exclusions or limitations applicable to residential projects.

The following general requirements shall apply to all insurance policies described in this Exhibit.

1. All liability insurance policies, except workers compensation insurance, shall be written on an occurrence basis.

2. All insurance policies required hereunder except Workers Compensation and Employers Liability shall: (i) name the Parties as "additional insureds" utilizing an ACORD form or equivalent acceptable to Developer or Substitute Constructing Party (as applicable), excluding, however, insurance policies of Service Providers who provide professional services whose insurance policies do not permit the designation of additional insureds; (ii) be issued by an insurer authorized in the State of Colorado; and (iii) provide that such policies shall not be canceled or not renewed, nor shall any material change be made to the policy without at least thirty (30) days' prior written notice to the Parties. Each additional insured endorsement (or each policy, by reasonably acceptable endorsement) shall contain a primary insurance clause providing that the coverage afforded to the additional insureds is primary and that any other insurance or self-insurance available to any of the additional insureds is non-contributing. A waiver of subrogation endorsement for the workers' compensation coverage shall be provided in favor of the Parties.

3. The liability insurance policies shall provide that such insurance shall be primary on a non-contributory basis.

4. Service Providers shall provide Developer or Substitute Constructing Party (as applicable) with certificates, or copies of insurance policies if request by the Developer, evidencing the insurance coverages required by this Exhibit in the certificate form described in Item 2 of this Exhibit, prior to the commencement of any activity or operation which could give rise to a loss to be covered by such insurance. Replacement certificates shall be sent to Developer or Substitute Constructing Party (as applicable), as policies are renewed, replaced, or modified.

5. The foregoing insurance coverage must be maintained in force at all times during the construction of the Improvements.

Exhibit D
to
Lot Development Agreement

(Finished Lot Standard)

"Finished Lot Standard" means the following improvements on, to or with respect to the Builder Lots or in public streets or tracts in the locations as required by all Approving Authorities, and substantially in accordance with the Plans:

(a) overlot grading together with corner pins for each Builder Lot installed in place, graded to match the specified Builder Lot drainage template within the Plans (but not any Overex) and any retaining walls required by the Plans;

(b) water and sanitary sewer mains and other required installations in connection therewith identified in the Plans, valve boxes and meter pits, substantially in accordance with the Plans approved by the Approving Authorities, together with appropriate markers;

(c) storm sewer mains, inlets and other associated storm drainage improvements pertaining to the Builder Lots in the public streets as shown on the Plans;

(d) curb, gutter, asphalt, sidewalks, street striping, street signage, traffic signs, traffic signals (if any are required by the Approving Authorities), and other street improvements, in the private and/or public streets as shown on the Plans;

(e) sanitary sewer service stubs if required by the Approving Authorities, connected to the foregoing sanitary sewer mains, installed into each respective Builder Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the Plans;

(f) water service stubs connected to the foregoing water mains installed into each Builder Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the Plans;

(g) Lot fill in compliance with the geotechnical engineer's recommendation, and with respect to any filled area or compacted area, provide from a Colorado licensed professional soils engineer a HUD Data Sheet 79G Certification (or equivalent) and a certification that the compaction and moisture content recommendations of the soils engineer were followed and that the grading of the respective Lots complies with the approved grading plans, with overlot grading completed in conformance with the approving Authorities approved grading plans within a +/- 0.2' tolerance of the approved grading plans; however, the Finished Lot Standard does not include any Overex;

(h) all storm water management facilities as shown in the Plans; and

Electricity, natural gas, and telephone service will be installed by local utility companies. The installations may not be completed at the time of a Closing, and are not part of the Finish Lot Standard; provided, however, that: (i) with respect to electric distribution lines and street lights, Developer will have signed an agreement with the electric utility service provider and paid all costs and fees for the installation of electric distribution lines and facilities to serve the Builder Lots, and all sleeves necessary for electric, gas, telephone and/or cable television service to the Builder Lots will be installed; (ii) with respect to gas distribution lines, Developer will have signed an agreement with the gas utility service provider and paid all costs and fees for the installation of gas distribution lines and facilities to serve the Builder Lots. Developer will take commercially reasonable efforts to assist Builder in coordinating with these utility companies to provide final electric, gas, telephone and cable television service to the residences on the Builder Lots, however, Builder must activate such services through an end user contract. Builder acknowledges that in some cases the telephone and cable companies may not have pulled the main line through the conduit if no closings of residences have occurred. Notwithstanding the foregoing, if dry utilities have not been installed upon substantial completion of the Improvements required by the Finished Lot Standard, Developer shall be obligated to have contracted for same and paid all costs and fees payable for such installation. Unless Developer has contracted for such installation and paid such costs before the Effective Date, Developer will give Builder notice when such contracts have been entered and such costs paid.

The Improvements do not include (a) the Offsite Infrastructure, which is addressed separately in Section 5 of the Agreement, but it does include such other offsite improvements as are necessary to obtain certificates of occupancy for homes constructed on the Lots, provided that as aforesaid Seller shall only be obligated to complete such improvements within a timeframe so as not to delay issuance of such certificates of occupancy, or (b) common area landscaping which will be installed when required by the County or other applicable Authority so as not to delay the issuance of building permits or certificates of occupancy for residences constructed by Purchaser on the Lots.

The Finished Lot Standard does not include Tree Lawns, which is addressed separately in Section 4.11 of this LDA.

Exhibit E
to
Lot Development Agreement

Construction Schedule

[To be determined]

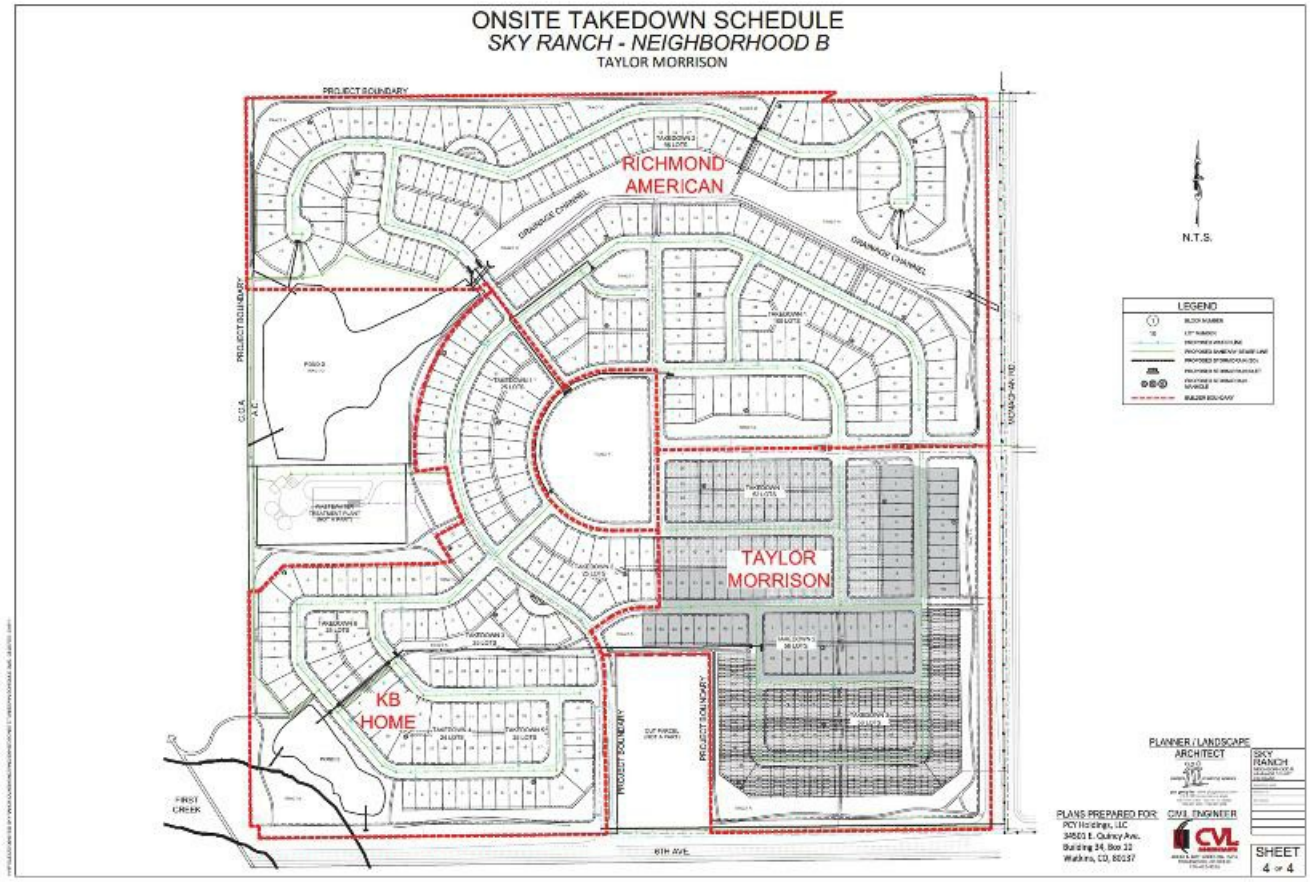
Exhibit F
to
Lot Development Agreement

Budget

[To be determined]

Exhibit G
to
Lot Development Agreement

Wet Utilities



(Sky Ranch Lot Development Agreement)

Exhibit H
to
Lot Development Agreement

Lots Having Basements

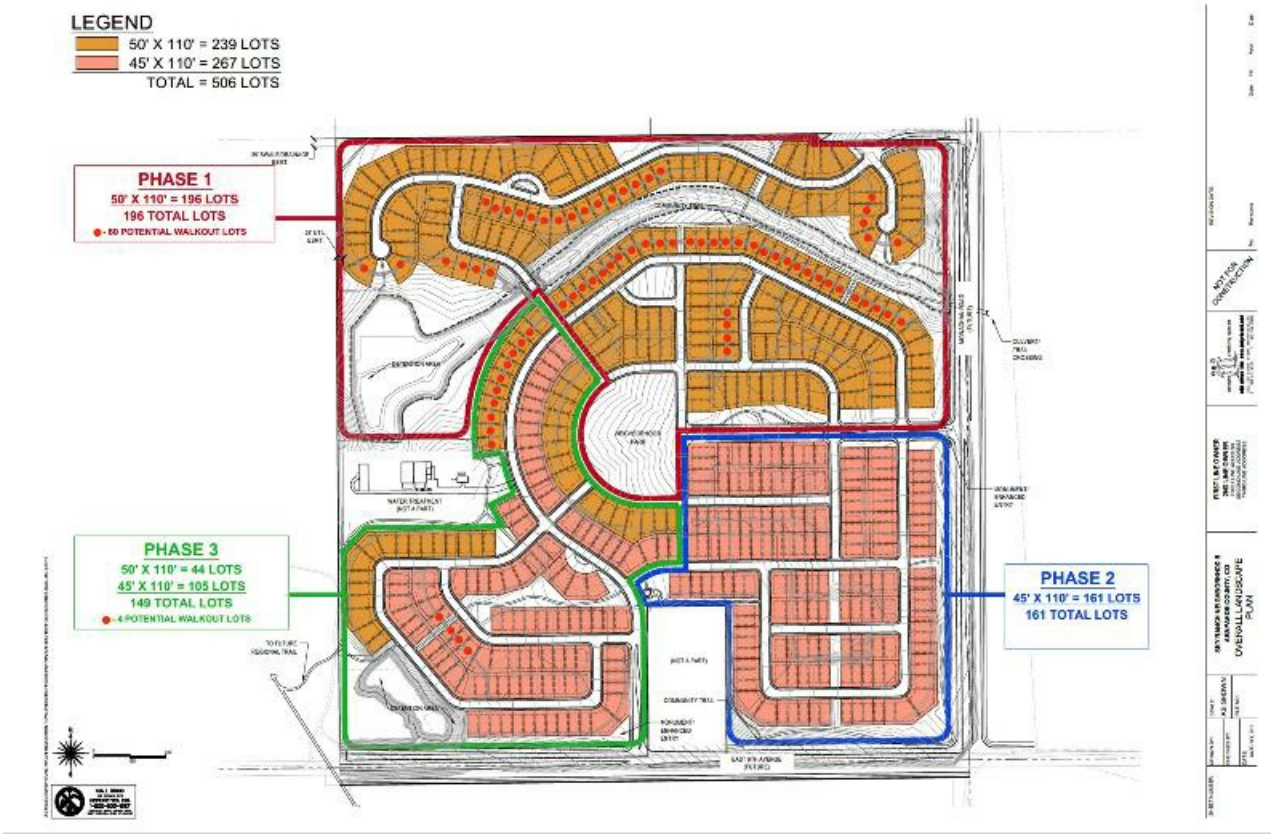


Exhibit I
to
Lot Development Agreement

Form of Letter of Credit

HOMEAMERICAN MORTGAGE CORPORATION
IRREVOCABLE LETTER OF CREDIT

ISSUE DATE: _____ EXPIRY DATE: _____
AT 3:00 P.M. DENVER TIME

LETTER OF CREDIT NUMBER: HMC-_____

AMOUNT: U.S. $_____ [numeric]
_____ AND __100THS U.S. DOLLARS [written amount]

BENEFICIARY:

LAND TITLE GUARANTEE COMPANY
3033 EAST FIRST AVENUE, #600
DENVER, COLORADO 80206
ATTN: MR. TOM BLAKE

APPLICANT:

RICHMOND AMERICAN HOMES OF
COLORADO, INC.
4350 SOUTH MONACO STREET
DENVER, COLORADO 80237

GENTLEMEN,

HOMEAMERICAN MORTGAGE CORPORATION ("ISSUER") HEREBY ISSUES IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT ("LETTER OF CREDIT"), WHICH IS AVAILABLE AGAINST PRESENTATION OF YOUR DRAFTS ON US AT SIGHT. DRAFTS MUST BE ACCOMPANIED BY THE ORIGINAL OF THIS LETTER OF CREDIT AND THE FOLLOWING:

THE SIGNED AND DATED STATEMENT ADDRESSED TO US IN THE FORM ATTACHED HERETO AS ATTACHMENT "A" AND INCORPORATED HEREIN BY THIS REFERENCE.

NOTWITHSTANDING ANYTHING SET FORTH HEREIN TO THE CONTRARY, THIS LETTER OF CREDIT SHALL REMAIN IN FORCE UNTIL THE EXPIRY DATE SPECIFIED ABOVE, OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE.

IF CANCELLATION OF THIS LETTER OF CREDIT IS REQUIRED BEFORE THE EXPIRY DATE HEREIN AS EXTENDED FROM TIME TO TIME, THE ORIGINAL OF THIS LETTER OF CREDIT MUST BE RETURNED TO US ACCOMPANIED BY THE BENEFICIARY'S LETTER REQUESTING CANCELLATION IN THE FORM ATTACHED HERETO AS ATTACHMENT "B."

SPECIAL CONDITIONS:

THE AMOUNT OF THIS LETTER OF CREDIT SHALL BE REDUCED UPON RECEIPT BY ISSUER FROM BENEFICIARY OF A FULLY EXECUTED REDUCTION CERTIFICATE (THE "CERTIFICATE") IN THE FORM ATTACHED HERETO AS ATTACHMENT "B" AND INCORPORATED HEREIN BY THIS REFERENCE. UPON RECEIPT BY ISSUER OF SUCH CERTIFICATE, THE AMOUNT OF THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED IN THE AMOUNT OF THE CERTIFICATE WITHOUT AMENDMENT IN ACCORDANCE THEREWITH.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE HEREOF, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO ANY SUCH DATE, WE NOTIFY YOU IN WRITING BY REGISTERED MAIL, CERTIFIED MAIL, OR OVERNIGHT COURIER SERVICE, AT THE ABOVE ADDRESS, THAT WE

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 2

ELECT NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED FOR ANY SUCH ADDITIONAL PERIOD.

DRAFTS DRAWN HEREUNDER MUST INDICATE THIS LETTER OF CREDIT NUMBER.

WE HEREBY AGREE WITH THE DRAWERS, ENDORSERS AND BONA FIDE HOLDERS OF THE DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT THAT THE SAME SHALL BE HONORED UPON PRESENTATION AND DELIVERY OF DOCUMENTS SPECIFIED ABOVE TO THE DRAWEE AT 4350 SOUTH MONACO STREET, SUITE 500, DENVER, COLORADO 80237, IF DRAWN AND NEGOTIATED ON OR BEFORE THE EXPIRY DATE STATED ABOVE, OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE.

THIS LETTER OF CREDIT IS SUBJECT TO AND GOVERNED BY THE LAWS OF THE STATE OF COLORADO, AND, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE - PUBLICATION NO. 600, AND IN THE EVENT OF ANY CONFLICT, THE LAWS OF THE STATE OF COLORADO WILL CONTROL, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

BY:_____ BY:_____
TITLE:_____ TITLE:_____

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 3

ATTACHMENT "A"

DATE:_____

HOMEAMERICAN MORTGAGE CORPORATION
4350 SOUTH MONACO STREET, SUITE 500
DENVER, COLORADO 80237
ATTN: LETTER OF CREDIT DEPARTMENT

RE: LETTER OF CREDIT NO. HMC-_____

BENEFICIARY IS ENTITLED TO DRAW ON THIS LETTER OF CREDIT UPON PRESENTATION OF THEIR DRAFTS AT SIGHT ACCOMPANIED BY THE ORIGINAL OF THIS CREDIT AND THE FOLLOWING STATEMENT:

PLEASE INITIAL:

_____ A. "LAND TITLE GUARANTEE COMPANY ("BENEFICIARY") HEREBY CERTIFIES THAT PCY HOLDINGS, LLC, A COLORADO LIMITED LIABILITY COMPANY ("DEVELOPER") HAS DELIVERED TO BENEFICIARY NOTIFICATION THAT RICHMOND AMERICAN HOMES OF COLORADO, INC., A DELAWARE CORPORATION ("APPLICANT") HAS DEFAULTED UNDER THAT CERTAIN LOT DEVELOPMENT AGREEMENT SKY RANCH (RICHMOND), EFFECTIVE _____, AS MAY BE AMENDED FROM TIME TO TIME (THE "AGREEMENT"), BY AND BETWEEN APPLICANT AND DEVELOPER, WITH RESPECT TO PAYMENT FOR CERTAIN IMPROVEMENTS INSTALLED IN ACCORDANCE WITH THE AGREEMENT RELATING TO PHASE ____ OF THE TAKEDOWN NO. ____LOTS AS DEFINED IN THE AGREEMENT) WITHIN A MASTER PLANNED RESIDENTIAL COMMUNITY TO BE KNOWN AS SKY RANCH, LOCATEDIN ARAPAHOE COUNTY, STATE OF COLORADO, AND THE AMOUNTS REQUIRED TO BE PAID BY THE APPLICANT WERE NOT TIMELY PAID, NOR SUBSTITUTED WITH CASH TO BENEFICIARY IN THE AMOUNT REQUIRED TO BE PAID BY APPLICANT IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT."

OR

_____ B. "LAND TITLE GUARANTEE COMPANY ("BENEFICIARY") HEREBY CERTIFIES THAT BENEFICIARY HAS RECEIVED NOTICE OF NON-EXTENSION FROM HOMEAMERICAN MORTGAGE CORPORATION ("ISSUER") AND IT IS LESS THAN FIFTEEN (15) DAYS PRIOR TO THE SCHEDULED EXPIRY DATE OF THE LETTER OF CREDIT, (AS THE EXPIRATION OF SUCH LETTER OF CREDIT MAY HAVE BEEN EXTENDED PURSUANT TO ITS TERMS), AND RICHMOND AMERICAN HOMES OF COLORADO, INC., A DELAWARE CORPORATION ("APPLICANT") HAS NEITHER REPLACED THE LETTER OF CREDIT NOR CAUSED THE CURRENT EXPIRY DATE OF THE LETTER OF CREDIT TO BE EXTENDED IN ACCORDANCE WITH THE REQUIREMENTS OF THAT CERTAIN LOT DEVELOPMENT AGREEMENT SKY RANCH (RICHMOND), EFFECTIVE _____, AS MAY BE AMENDED FROM TIME TO TIME (THE "AGREEMENT")."

LAND TITLE GUARANTEE COMPANY

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 4

BY: _____
NAME: _____
TITLE: _____

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 5

ATTACHMENT "B"

DATE:_____

HOMEAMERICAN MORTGAGE CORPORATION
4350 SOUTH MONACO STREET, SUITE 500
DENVER, COLORADO 80237
ATTN: LETTER OF CREDIT DEPARTMENT

RE: LETTER OF CREDIT NO. HMC-_____

WE REQUEST THAT THE FOLLOWING ACTION(S) BE TAKEN AS EVIDENCED BY OUR INITIALS AND SIGNATURE BELOW:

PLEASE INITIAL:

_____ REDUCE THE AMOUNT FROM $_____TO $_____

_____ CANCEL THIS LETTER OF CREDIT EFFECTIVE IMMEDIATELY. ENCLOSED HEREWITH ARE THE ORIGINAL LETTER OF CREDIT DOCUMENTS, INCLUDING THE AMENDMENTS THERETO.

(NOTE: IF ANY OF THESE DOCUMENTS ARE NOT INCLUDED WITH THIS LETTER, YOU MUST SPECIFY EACH MISSING DOCUMENT AND EXPLAIN THE REASON WHY THEY ARE NOT BEING RETURNED.)

_____
_____

LAND TITLE GUARANTEE COMPANY

BY: _____
NAME: _____
TITLE: _____

Exhibit J

Joint Improvements Agreement

[To be determined]

EXHIBIT G

FORM OF LETTER OF CREDIT

HOMEAMERICAN MORTGAGE CORPORATION
IRREVOCABLE LETTER OF CREDIT

ISSUE DATE: _____

EXPIRY DATE: _____
AT 3:00 P.M. DENVER TIME

LETTER OF CREDIT NUMBER: HMC-_____

AMOUNT: U.S. $_____ [numeric]
_____ AND __100THS U.S. DOLLARS [written amount]

BENEFICIARY:

LAND TITLE GUARANTEE COMPANY
3033 EAST FIRST AVENUE, #600
DENVER, COLORADO 80206
ATTN: MR. TOM BLAKE

APPLICANT:

RICHMOND AMERICAN HOMES OF
COLORADO, INC.
4350 SOUTH MONACO STREET
DENVER, COLORADO 80237

GENTLEMEN,

HOMEAMERICAN MORTGAGE CORPORATION ("ISSUER") HEREBY ISSUES IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT ("LETTER OF CREDIT"), WHICH IS AVAILABLE AGAINST PRESENTATION OF YOUR DRAFTS ON US AT SIGHT. DRAFTS MUST BE ACCOMPANIED BY THE ORIGINAL OF THIS LETTER OF CREDIT AND THE FOLLOWING:

THE SIGNED AND DATED STATEMENT ADDRESSED TO US IN THE FORM ATTACHED HERETO AS ATTACHMENT "A" AND INCORPORATED HEREIN BY THIS REFERENCE.

NOTWITHSTANDING ANYTHING SET FORTH HEREIN TO THE CONTRARY, THIS LETTER OF CREDIT SHALL REMAIN IN FORCE UNTIL THE EXPIRY DATE SPECIFIED ABOVE, OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE.

IF CANCELLATION OF THIS LETTER OF CREDIT IS REQUIRED BEFORE THE EXPIRY DATE HEREIN AS EXTENDED FROM TIME TO TIME, THE ORIGINAL OF THIS LETTER OF CREDIT MUST BE RETURNED TO US ACCOMPANIED BY THE BENEFICIARY'S LETTER REQUESTING CANCELLATION IN THE FORM ATTACHED HERETO AS ATTACHMENT "B."

SPECIAL CONDITIONS:

THE AMOUNT OF THIS LETTER OF CREDIT SHALL BE REDUCED UPON RECEIPT BY ISSUER FROM BENEFICIARY OF A FULLY EXECUTED REDUCTION CERTIFICATE (THE "CERTIFICATE") IN THE FORM ATTACHED HERETO AS ATTACHMENT "B" AND INCORPORATED HEREIN BY THIS REFERENCE. UPON RECEIPT BY ISSUER OF SUCH CERTIFICATE, THE AMOUNT OF THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED IN THE AMOUNT OF THE CERTIFICATE WITHOUT AMENDMENT IN ACCORDANCE THEREWITH.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE HEREOF, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO ANY SUCH DATE, WE NOTIFY YOU IN WRITING BY REGISTERED MAIL, CERTIFIED MAIL, OR OVERNIGHT COURIER SERVICE, AT THE ABOVE ADDRESS, THAT WE

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 2

ELECT NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED FOR ANY SUCH ADDITIONAL PERIOD.

DRAFTS DRAWN HEREUNDER MUST INDICATE THIS LETTER OF CREDIT NUMBER.

WE HEREBY AGREE WITH THE DRAWERS, ENDORSERS AND BONA FIDE HOLDERS OF THE DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT THAT THE SAME SHALL BE HONORED UPON PRESENTATION AND DELIVERY OF DOCUMENTS SPECIFIED ABOVE TO THE DRAWEE AT 4350 SOUTH MONACO STREET, SUITE 500, DENVER, COLORADO 80237, IF DRAWN AND NEGOTIATED ON OR BEFORE THE EXPIRY DATE STATED ABOVE, OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE.

THIS LETTER OF CREDIT IS SUBJECT TO AND GOVERNED BY THE LAWS OF THE STATE OF COLORADO, AND, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE - PUBLICATION NO. 600, AND IN THE EVENT OF ANY CONFLICT, THE LAWS OF THE STATE OF COLORADO WILL CONTROL, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

BY:_____ BY:_____
TITLE:_____ TITLE:_____

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 3

ATTACHMENT "A"

DATE:_____

HOMEAMERICAN MORTGAGE CORPORATION
4350 SOUTH MONACO STREET, SUITE 500
DENVER, COLORADO 80237
ATTN: LETTER OF CREDIT DEPARTMENT

RE: LETTER OF CREDIT NO. HMC-_____

BENEFICIARY IS ENTITLED TO DRAW ON THIS LETTER OF CREDIT UPON PRESENTATION OF THEIR DRAFTS AT SIGHT ACCOMPANIED BY THE ORIGINAL OF THIS CREDIT AND THE FOLLOWING STATEMENT:

PLEASE INITIAL:

_____ A. "LAND TITLE GUARANTEE COMPANY ("BENEFICIARY") HEREBY CERTIFIES THAT PCY HOLDINGS, LLC, A COLORADO LIMITED LIABILITY COMPANY ("DEVELOPER") HAS DELIVERED TO BENEFICIARY NOTIFICATION THAT RICHMOND AMERICAN HOMES OF COLORADO, INC., A DELAWARE CORPORATION ("APPLICANT") HAS DEFAULTED UNDER THAT CERTAIN LOT DEVELOPMENT AGREEMENT SKY RANCH (RICHMOND), EFFECTIVE _____, AS MAY BE AMENDED FROM TIME TO TIME (THE "AGREEMENT"), BY AND BETWEEN APPLICANT AND DEVELOPER, WITH RESPECT TO PAYMENT FOR CERTAIN IMPROVEMENTS INSTALLED IN ACCORDANCE WITH THE AGREEMENT RELATING TO PHASE ____ OF THE TAKEDOWN NO. ____LOTS AS DEFINED IN THE AGREEMENT) WITHIN A MASTER PLANNED RESIDENTIAL COMMUNITY TO BE KNOWN AS SKY RANCH, LOCATEDIN ARAPAHOE COUNTY, STATE OF COLORADO, AND THE AMOUNTS REQUIRED TO BE PAID BY THE APPLICANT WERE NOT TIMELY PAID, NOR SUBSTITUTED WITH CASH TO BENEFICIARY IN THE AMOUNT REQUIRED TO BE PAID BY APPLICANT IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT."

OR

_____ B. "LAND TITLE GUARANTEE COMPANY ("BENEFICIARY") HEREBY CERTIFIES THAT BENEFICIARY HAS RECEIVED NOTICE OF NON-EXTENSION FROM HOMEAMERICAN MORTGAGE CORPORATION ("ISSUER") AND IT IS LESS THAN FIFTEEN (15) DAYS PRIOR TO THE SCHEDULED EXPIRY DATE OF THE LETTER OF CREDIT, (AS THE EXPIRATION OF SUCH LETTER OF CREDIT MAY HAVE BEEN EXTENDED PURSUANT TO ITS TERMS), AND RICHMOND AMERICAN HOMES OF COLORADO, INC., A DELAWARE CORPORATION ("APPLICANT") HAS NEITHER REPLACED THE LETTER OF CREDIT NOR CAUSED THE CURRENT EXPIRY DATE OF THE LETTER OF CREDIT TO BE EXTENDED IN ACCORDANCE WITH THE REQUIREMENTS OF THAT CERTAIN LOT DEVELOPMENT AGREEMENT SKY RANCH (RICHMOND), EFFECTIVE _____, AS MAY BE AMENDED FROM TIME TO TIME (THE "AGREEMENT")."

LAND TITLE GUARANTEE COMPANY

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 4

BY: _____
NAME: _____
TITLE: _____

ATTACHED TO AND FORMING PART OF LETTER OF CREDIT NO. HMC-_____

PAGE 5

ATTACHMENT "B"

DATE:_____

HOMEAMERICAN MORTGAGE CORPORATION
4350 SOUTH MONACO STREET, SUITE 500
DENVER, COLORADO 80237
ATTN: LETTER OF CREDIT DEPARTMENT

RE: LETTER OF CREDIT NO. HMC-_____

WE REQUEST THAT THE FOLLOWING ACTION(S) BE TAKEN AS EVIDENCED BY OUR INITIALS AND SIGNATURE BELOW:

PLEASE INITIAL:

_____ REDUCE THE AMOUNT FROM $_____TO $_____

_____ CANCEL THIS LETTER OF CREDIT EFFECTIVE IMMEDIATELY. ENCLOSED HEREWITH ARE THE ORIGINAL LETTER OF CREDIT DOCUMENTS, INCLUDING THE AMENDMENTS THERETO.

(NOTE: IF ANY OF THESE DOCUMENTS ARE NOT INCLUDED WITH THIS LETTER, YOU MUST SPECIFY EACH MISSING DOCUMENT AND EXPLAIN THE REASON WHY THEY ARE NOT BEING RETURNED.)

_____
_____

LAND TITLE GUARANTEE COMPANY

BY: _____
NAME: _____
TITLE: _____

FIRST AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

THIS FIRST AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "Amendment") is made as of the date the last of the Parties executes and dates this Amendment ("Effective Date"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("Seller"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("Purchaser"). Seller and Purchaser may be referred to collectively as the "Parties."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (the "Contract") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to August 30, 2017.

2 . Miscellaneous. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: August 28, 2017

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President
Date: August 28, 2017

SECOND AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS SECOND AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "Amendment") dated August 29, 2017 by and between RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("Purchaser") and PCY HOLDINGS, LLC, a Colorado limited liability company (the "Seller").

EXPLANATORY STATEMENT

A. Seller and Purchaser entered into a Contract for Purchase and Sale of Real Estate with an effective date of June 27, 2017, as amended (the "Purchase Agreement"), for the purchase and sale of real property located in Arapahoe County, Colorado, as more particularly described in the Purchase Agreement.

B. Seller and Purchaser desire to amend certain terms and conditions of the Purchase Agreement, all as more fully set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing Explanatory Statement, the covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1 . Explanatory Statement. The Explanatory Statement of this Amendment forms an integral part of this Amendment and is hereby incorporated by reference. Initially capitalized terms used in this Amendment shall have the meaning ascribed to them in the Purchase Agreement, unless the context clearly requires otherwise.

2. Amendments.

2 . 1 Section 10.(a) Due Diligence Period. Section 10.(a) of the Purchase Agreement is hereby amended to reflect that the Due Diligence Period shall expire on September 8, 2017.

3. Miscellaneous.

3.1 Binding Effect. This Amendment shall be binding on and inure to the benefit of the parties hereto, and their respective successors and assigns.

3 . 2 Governing Law. This Amendment shall be construed, interpreted and enforced in accordance with Colorado law, without regard to principles of conflict of laws.

3.3 Time of the Essence. Time shall be of the essence with respect to this Amendment.

3 . 4 Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

3.5 Severability. If any provision of this Amendment, or the application thereof to any person or circumstances, shall, for any reason and to any extent, be or become invalid or unenforceable, the remainder of this Amendment and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent possible.

3.6 Ratification. The provisions of the Purchase Agreement are hereby affirmed and ratified, and remain in full force and effect, as herein amended.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Vice President

THIRD AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS THIRD AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of October 20, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ('**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the '**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the '**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to further amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to **September 20, 2017**.

3. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

4 . Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

5. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

6 . Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

FOURTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS FOURTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of September 20, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the "**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2 . Continuation Notice. Upon mutual execution hereof by both Seller and Purchaser, this Amendment shall constitute Purchaser's Continuation Notice as defined in Section 10(a) of the Contract.

3. Identification of Lots. The Takedown 1 Lots and Takedown 2 Lots are identified on Schedule 1, attached hereto and incorporated herein by reference.

4 . Building Envelope Depth. The second sentence in Section 5(a)(ii) of the Contract is hereby amended to provide that the Final Subdivision Documents shall allow for a building envelope depth for each Lot that is not less than seventy (70) feet (after taking into consideration applicable setbacks).

5. Final Approval of Entitlements.

a. The fifth and sixth sentences in Section 5(a)(ii) of the Contract are hereby deleted in their entirety and replaced with the following: "In the event Seller is unable to obtain Final Approval of the Entitlements for the Takedown 1 Lots on or before nine (9) months after expiration of the Due Diligence Period (or any extensions thereof) then Seller or Purchaser, in their discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months. If Seller or Purchaser extends the time period for obtaining such Final Approval for the Takedown 1 Lots, then during such extended time period, Seller shall continue to use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract, but Purchaser may as it sole remedy hereunder terminate this Contract as to such Takedown and any remaining Takedowns by written notice to Seller, delivered within ten (10) business days after the end of the time period as extended for obtaining such Final Approval, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser."

b. The eighth sentence in Section 5(a)(ii) of the Contract is hereby deleted in its entirety and replaced with the following: "In the event Seller is unable to obtain Final Approval of the Entitlements for the Takedown 2 Lots on or before nine (9) months after the First Closing, then Seller or Purchaser, in their discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months. If Seller or Purchaser extends the time period for obtaining such Final Approval for the Takedown 2 Lots, then during such extended time period, Seller shall continue to use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract, but Purchaser may as it sole remedy hereunder terminate this Contract as to such Takedown by written notice to Seller, delivered within ten (10) business days after the end of the time period as extended for obtaining such Final Approval, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the then-current amount of the Deposit shall be returned to Purchaser.

6. Offsite Infrastructure.

a. Section 5(b) of the Contract (and Section 4.5.1 of the form Lot Development Agreement) are hereby revised to reflect that the definition of the terms "Substantially Complete" and "Substantial Completion" shall include the requirement that Seller has executed all utility extension contracts and paid all necessary fees so that all dry utilities serving the Property can be installed within 120 days following Substantial Completion of the Improvements; provided Seller shall have no liability if such utilities are not timely installed, so long as it has executed said contracts and paid such fees.

b. With respect to the Alternative Service and the WWRF under Section 5(m) of the Contract, Seller will meet and confer with Purchaser's third party consultants and reasonably necessary regarding their review of and evaluation of such wastewater facilities.

7. Purchaser's Conditions**.** Section 6(b) of the Contract is hereby amended to add the following Purchaser's Conditions Precedent:

(vii) To the extent such permits, if any, are required for the development of the Property, Seller shall have obtained any such required wetland permits and permits required under Section 404 of the Clean Water Act

(viii) As a Purchaser's Condition Precedent to the Takedown 2 Closing only, the Alternative Service shall be completed in accordance with the requirements of all applicable Authorities, and the Alternative Service shall be fully operational.

(ix) At each Closing, the Seller shall certify to Purchaser that all necessary offsite easements have been properly granted.

8. Seller's Conditions. Section 6(a)(i) of the Contract is hereby amended to read as follows: As of the date of the First Closing, Seller is under contract to sell at least an aggregate total of 200 residential lots within the Development to Purchaser and other homebuilders, and as of the date of the First Closing either (a) one other homebuilder has previously closed on its initial purchase of lots under its purchase and sale agreement, or (b) Purchaser and one other homebuilder simultaneously close their initial purchases of lots under their purchase and sale agreements, or (c) there are no material conditions to an initial closing that remain to be satisfied under another homebuilder's purchase and sale agreement.

9. District Deficits. Section 16(c) of the PSA is hereby revised to add the following subsection (v) thereto:

(v) For the avoidance of doubt, and notwithstanding anything to the contrary contained in this Section 16: So long as representatives of Seller or its affiliates hold the majority of the director positions on the District board of directors and Purchaser is the holder of record title to any of the Lots but in no event longer than 4 years after the date of the First Closing: (1) Seller shall be obligated to fund all operating deficits of the District; and (2) Seller shall promptly upon receipt of any invoice from Purchaser for an amount paid by Purchaser for that portion of the mill levy that is assessed by the District for debt service, as reflected in the service plan, that exceeds fifty (50) mills (the "**Mill Levy Cap**"). Notwithstanding the foregoing, the Mill Levy Cap may be increased or decreased as to all taxable property in the District to reflect any legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution, so that, to the extent possible, the actual tax revenues generated by the District imposed mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes ("**Gallagher Adjustment**"). For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. This provision shall survive the Closing and be enforceable by Purchaser by all legal and equitable means, including without limitation specific performance.

10. Marketing Sales Activities. From and after the First Closing, Purchaser may construct and maintain upon portions of the Development owned by Purchaser such facilities, activities, and things as, in Purchaser's reasonable opinion, may be required, convenient, or incidental to the construction or sale of Lots and single family homes located thereon. Such permitted facilities, activities, and things shall include, without limitation, business offices, signs, flags (whether hung from flag poles or attached to a structure), model Lots, **model homes, parking lots,** sales offices, **sales trailers, construction offices, construction trailers,** holding or sponsoring special events, and exterior lighting features or displays, subject to compliance with all laws. This provision shall survive closing.

11. Transaction Documents. The term "**Transaction Documents**" shall collectively refer to the following:

a. the Lot Development Agreement;

b. the Joint Improvement Memorandum;

c. the Construction Disbursement Agreement;

d. the Tap Purchase Agreement;

e. the escrow agreement referenced in Section 6.1(h) of the Lot Development Agreement (the "**LOC Escrow Agreement**");

f. the Master Covenants;

g. the Declaration of Covenants Imposing and Implementing the Sky Ranch Public Improvement Fee (the "**PIF Covenant**"); and

h. a development agreement for the financing and construction of the Community Park referenced in section 5(b) of the Agreement (the "**Community Park Development Agreement**").

The Contract is hereby amended to provide that Purchaser shall have up to and including the date that is twenty-one (21) days following the Effective Date of this Amendment (the "**Transaction Documents Negotiation Period")**, to continue negotiating in good faith with Seller in an effort to finalize and agree upon the form of the Transaction Documents. If Purchaser and Seller are unable to finalize and agree-upon the form of the Transaction Documents prior to expiration of the Transaction Documents Negotiation Period, Purchaser may terminate this Contract upon written notice delivered to Seller within three (3) business days following expiration of the Transaction Documents Negotiation Period, in which event the Deposit shall be returned to Purchaser and the Parties shall thereafter be relieved of all obligations under the Contract (except those that expressly survive termination). If Purchaser does not so terminate the Contract prior to the deadline set forth above, Purchaser shall be deemed to have waived such right to terminate, and the Parties shall proceed to Closing subject to all other terms and conditions of the Contract.

12. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

13. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

14. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

15. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

16. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

SCHEDULE 1

Legal Description of Takedown 1 Lots and Takedown 2 Lots

Takedown 1 Lots:

Takedown 2 Lots

FIFTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS FIFTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of October 6, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ('**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the '**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the '**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2 . Continuation Notice. Upon mutual execution hereof by both Seller and Purchaser, this Amendment shall constitute Purchaser's Continuation Notice as defined in Section 10(a) of the Contract.

3. Identification of Lots. The Takedown 1 Lots and Takedown 2 Lots are identified on Schedule 1, attached hereto and incorporated herein by reference.

4 . Building Envelope Depth. The second sentence in Section 5(a)(ii) of the Contract is hereby amended to provide that the Final Subdivision Documents shall allow for a building envelope depth for each Lot that is not less than seventy (70) feet (after taking into consideration applicable setbacks).

5. Final Approval of Entitlements.

a. The fifth and sixth sentences in Section 5(a)(ii) of the Contract are hereby deleted in their entirety and replaced with the following: "In the event Seller is unable to obtain Final Approval of the Entitlements for the Takedown 1 Lots on or before nine (9) months after expiration of the Due Diligence Period (or any extensions thereof) then Seller or Purchaser, in their discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months. If Seller or Purchaser extends the time period for obtaining such Final Approval for the Takedown 1 Lots, then during such extended time period, Seller shall continue to use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract, but Purchaser may as it sole remedy hereunder terminate this Contract as to such Takedown and any remaining Takedowns by written notice to Seller, delivered within ten (10) business days after the end of the time period as extended for obtaining such Final Approval, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser."

b. The eighth sentence in Section 5(a)(ii) of the Contract is hereby deleted in its entirety and replaced with the following: "In the event Seller is unable to obtain Final Approval of the Entitlements for the Takedown 2 Lots on or before nine (9) months after the First Closing, then Seller or Purchaser, in their discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months. If Seller or Purchaser extends the time period for obtaining such Final Approval for the Takedown 2 Lots, then during such extended time period, Seller shall continue to use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract, but Purchaser may as it sole remedy hereunder terminate this Contract as to such Takedown by written notice to Seller, delivered within ten (10) business days after the end of the time period as extended for obtaining such Final Approval, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the then-current amount of the Deposit shall be returned to Purchaser.

6. Offsite Infrastructure.

a. Section 5(b) of the Contract (and Section 4.5.1 of the form Lot Development Agreement) are hereby revised to reflect that the definition of the terms "Substantially Complete" and "Substantial Completion" shall include the requirement that Seller has executed all utility extension contracts and paid all necessary fees so that all dry utilities serving the Property can be installed within 120 days following Substantial Completion of the Improvements; provided Seller shall have no liability if such utilities are not timely installed, so long as it has executed said contracts and paid such fees.

b. With respect to the Alternative Service and the WWRF under Section 5(b) of the Contract, and the Water System Improvements, Wholesale Water, Sewer and Irrigation Lines, and Drainage System Improvements referenced in Exhibit A of the Construction Disbursement Agreement (together with the Alternative Service and WWRF, collectively, the " **Water and Wastewater Facilities,**" Seller will meet and confer with Purchaser's third party consultants (the "**Water Consultants**") as reasonably necessary regarding their review of and evaluation of such Water and Wastewater Facilities. If Purchaser determines, in its reasonable discretion, based upon the professional opinion of the Water Consultants, that the plans for the Water and Wastewater Facilities are unacceptable, Purchaser, as its sole remedy, may terminate this Contract upon written notice delivered to Seller within fourteen (14) days after the Effective Date of this Amendment, in which event the Deposit shall be returned to Purchaser and the Parties shall thereafter be relieved of all obligations under the Contract (except those that expressly survive termination). If Purchaser does not so terminate the Contract prior to the deadline set forth above, Purchaser shall be deemed to have waived such right to terminate, and the Parties shall proceed to Closing subject to all other terms and conditions of the Contract.

7. Purchaser's Conditions**.** Section 6(b) of the Contract is hereby amended to add the following Purchaser's Conditions Precedent:

(vii) To the extent such permits, if any, are required for the development of the Property, Seller shall have obtained any such required wetland permits and permits required under Section 404 of the Clean Water Act.

(viii) As a Purchaser's Condition Precedent to the Takedown 2 Closing only, the Alternative Service shall be completed in accordance with the requirements of all applicable Authorities, and the Alternative Service shall be fully operational.

(ix) At each Closing, all necessary offsite easements shall have been properly granted and shall be free of monetary liens, and fee title to the real property on which the water and sewer plants, and parks and open space, are located shall have been conveyed to the applicable authority free of monetary liens, and in accordance with the terms of the Project Documents.

(x) At each Closing, Seller shall have applied for a grading permit for the Lots acquired by Purchaser at such Closing and shall have taken all actions required to obtain the issuance of such grading permit from the applicable Authority.

8. Seller's Conditions. Section 6(a)(i) of the Contract is hereby amended to read as follows: As of the date of the First Closing, Seller is under contract to sell at least an aggregate total of 200 residential lots within the Development to Purchaser and other homebuilders, and as of the date of the First Closing either (a) one other homebuilder has previously closed on its initial purchase of lots under its purchase and sale agreement, or (b) Purchaser and one other homebuilder simultaneously close their initial purchases of lots under their purchase and sale agreements, or (c) there are no material conditions to an initial closing that remain to be satisfied under another homebuilder's purchase and sale agreement.

9. District Deficits. Section 16(c) of the PSA is hereby revised to add the following subsection (v) thereto:

(v) For the avoidance of doubt, and notwithstanding anything to the contrary contained in this Section 16: So long as representatives of Seller or its affiliates hold the majority of the director positions on the board of directors of any special improvement district or metropolitan district to which the Property is subject other than Rangeview Metropolitan District (collectively, the "Metro Districts"), and Purchaser is the holder of record title to any of the Lots, but in no event longer than 4 years after the date of the Substantial Completion of the first phase of Lots referenced in section 5(c)(ii), above: (1) Seller shall be obligated to fund all deficits of the Metro Districts; (2) Seller shall promptly upon receipt of any invoice from Purchaser for an amount paid by Purchaser for that portion of the mill levy that is assessed by the District for debt service, as reflected in the service plan, that exceeds fifty (50) mills (the "**Mill Levy Cap**"). Notwithstanding the foregoing, the Mill Levy Cap may be increased or decreased as to all taxable property in the District to reflect any legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution, so that, to the extent possible, the actual tax revenues generated by the District imposed mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes ("**Gallagher Adjustment**"). For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation; (3) after the Effective Date, Seller shall not cause, agree to or acquiesce to any change, modification, alteration, termination or extension to any of the documents which govern the Metro Districts, if the same would have a material impact on Purchaser or its Lots without the prior written consent of Purchaser, which will not be unreasonably withheld; and (4) if at any time Purchaser is required to pay any amounts to the Metro Districts other than the mill levies as set forth above and the system development fees addressed in Section 16 of the Contract and except for assessments and/or charges for covenant control and common area and amenity maintenance, repair and operations, then Seller shall pay such amounts on behalf of Purchaser or reimburse Purchaser within thirty (30) days of demand for such amounts if then paid by Purchaser. This provision shall survive the Closing and be enforceable by Purchaser by all legal and equitable means, including without limitation specific performance.

10. Marketing Sales Activities. From and after the First Closing, Purchaser may construct and maintain upon portions of the Development owned by Purchaser such facilities, activities, and things as, in Purchaser's reasonable opinion, may be required, convenient, or incidental to the construction or sale of Lots and single family homes located thereon. Such permitted facilities, activities, and things shall include, without limitation, business offices, signs, flags (whether hung from flag poles or attached to a structure), model Lots, model homes, parking lots, sales offices, sales trailers, construction offices, construction trailers, holding or sponsoring special events, and exterior lighting features or displays, subject to compliance with all laws (collectively "**Marketing Activities**"). In addition, from and after the First Closing, Purchaser shall have the right to place signage on those portions of the Development owned by Seller that have been identified by Seller as appropriate locations for such signage, and subject to reasonable rules and regulations established by Seller for the homebuilders within the Development. If, following the Effective Date of this Amendment, the Seller establishes a signage program for the Development, the Parties will meet and agree in good faith upon the terms of such program, and the Parties will enter into an amendment to the Contract to reflect the terms of such program. This provision shall survive closing.

11. Project Documents. The term "**Project Documents**" shall collectively refer to the following:

a. the Lot Development Agreement;

b. the Joint Improvement Memorandum;

c. the Construction Disbursement Agreement;

d. the Tap Purchase Agreement;

e. the escrow agreement referenced in Section 6.1(h) of the Lot Development Agreement (the "**LOC Escrow Agreement**");

f. the Master Covenants;

g. the Declaration of Covenants Imposing and Implementing the Sky Ranch Public Improvement Fee (the "**PIF Covenant**"); and

h. a development agreement for the financing and construction of the Community Park referenced in section 5(b) of the Agreement (the "**Community Park Development Agreement**").

The Contract is hereby amended to provide that Purchaser shall have up to and including the date that is twenty-one (21) days following the Effective Date of this Amendment (the "**Project Documents Negotiation Period**"), to continue negotiating in good faith with Seller in an effort to finalize and agree upon the form of the Project Documents. If Purchaser and Seller are unable to finalize and agree-upon the form of the Project Documents prior to expiration of the Project Documents Negotiation Period, Purchaser may terminate this Contract upon written notice delivered to Seller within three (3) business days following expiration of the Project Documents Negotiation Period, in which event the Deposit shall be returned to Purchaser and the Parties shall thereafter be relieved of all obligations under the Contract (except those that expressly survive termination). If Purchaser does not so terminate the Contract prior to the deadline set forth above, Purchaser shall be deemed to have waived such right to terminate, and the Parties shall proceed to Closing subject to all other terms and conditions of the Contract.

12. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

13. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

14. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

15. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

16. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

SCHEDULE 1

Legal Description of Takedown 1 Lots and Takedown 2 Lots

Takedown 1 Lots:

Takedown 2 Lots

SIXTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS SIXTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of October 20, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ('**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the '**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the "**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to further amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to **October 18, 2017**.

3. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

4. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

5. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

6. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

SEVENTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS SEVENTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of October 20, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the "**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to further amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to **October 20, 2017**.

3. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

4. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

5. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

6. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

EIGHTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS EIGHTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of October 20, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the "**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to further amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to **October 31, 2017**.

3. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

4. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

5. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

6. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

NINETH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS NINETH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of October 20, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the "**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to further amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to **November 3, 2017**.

3. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

4. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

5. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

6. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

TENTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

THIS TENTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of November 3, 2017 ("**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

R E C I T A L S

A. Seller and Purchaser previously entered into a Contract for Purchase and Sale of Real Estate effectively dated June 27, 2017 (as amended, the "**Contract**") for approximately 190 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to further amend the terms and conditions of the Contract as set forth below. Capitalized terms used but not otherwise defined in this Amendment will have the same meanings given to such terms in the Contract.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. Due Diligence Period. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to **November 10, 2017**.

3. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this Amendment. Accordingly, the Parties agree that the provisions of this Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

4. Authority. Each Party represents and warrants that is has the power and authority to execute this Amendment and that there are no third party approvals required to execute this Amendment or to comply with the terms or provisions contained herein.

5. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

6. Ratified and Confirmed. The Contract, except as modified by this Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this Amendment executed by the other Party and sent via facsimile or e-mail transmission.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President

PURCHASER:

RICHMOND AMERICAN HOMES OF COLORADO, INC., a Delaware corporation

By: /s/ Linda M. Purdy
Name: Linda M. Purdy
Title: Vice President

Exhibit 10.20

PCY HOLDINGS, LLC

and

TAYLOR MORRISON OF COLORADO, INC.

CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

Table of Contents

DEFINITIONS

"Architectural Review Committee" shall have the meaning set forth in Section 12(d).
"Authorities" and "Authority" shall have the meaning set forth in the Recitals.
"BMPs" shall have the meaning set forth in Section 28(x).
"Board" shall have the meaning set forth in Section 16(b).
"CDs" shall have the meaning set forth in Section 5(a)(i).
"Closed" shall have the meaning set forth in Section 7.
"Closing Date" shall have the meaning set forth in Section 8(b).
"Closing" shall have the meaning set forth in Section 7.
"Communication Improvements" shall have the meaning set forth in Section 20.
"Communications" shall have the meaning set forth in Section 28(j).
"Completion Notice" shall have the meaning set forth in Section 5(b).
"Confidential Information" shall have the meaning set forth in Section 28(bb).
"Continuation Notice" shall have the meaning set forth in Section 10(a).
"Contract" shall have the meaning set forth in the Recitals.
"County Records" shall have the meaning set forth in Section 5(a)(i).
"County" shall have the meaning set forth in the Recitals.
"Dedications" shall have the meaning set forth in Section 17.
"Deferred Purchase Price" shall have the meaning set forth in Section 2(a).
"Deposit" shall have the meaning set forth in Section 3(a).
"Design Guidelines" shall have the meaning set forth in Section 12(d).
"Development" shall have the meaning set forth in the Recitals.
"District Improvements" shall have the meaning set forth in Section 16(b).
"District" shall have the meaning set forth in Section 9(d).
"Due Diligence Period" shall have the meaning set forth in Section 10(a).
"Easement" shall have the meaning set forth in Section 20.
"Effective Date" shall have the meaning set forth in the Recitals.
"Entitlements" shall have the meaning set forth in Section 5(a)(i).
"Environmental Claim" shall have the meaning set forth in Section 10(h).
"Environmental Laws" shall have the meaning set forth in Section 10(g).
"EPA" shall have the meaning set forth in Section 10(c).

"Escalator" shall have the meaning set forth in Section 2(b).
"Existing Entitlement Documents" shall have the meaning set forth in Section 5(a)(i).
"FDP Criteria" shall have the meaning set forth in Section 12(d).
"Feasibility Review" shall have the meaning set forth in Section 10(a).
"Filing" and "Filings" shall have the meaning set forth in the Recitals.
"Final Approval" shall have the meaning set forth in Section 5(a)(i).
"Final Lotting Diagram" shall have the meaning set forth in Section 1.
"Final Plat" shall have the meaning set forth in Section 5(a)(i).
"Final Subdivision Documents" shall have the meaning set forth in Section 5(a)(i).
"Finished Lot Improvements" shall have the meaning set forth in the Recitals.
"First Closing" shall have the meaning set forth in Section 1.
"Force Majeure" shall have the meaning set forth in Section 13.
"General Assignment" shall have the meaning set forth in Section 8(d)(iii)(9).
"Good Funds" shall have the meaning set forth in Section 2(a).
"Government Warranty Period" shall have the meaning set forth in Exhibit C.
"Governmental Fees" shall have the meaning set forth in Section 17.
"Governmental Warranty" shall have the meaning set forth in Exhibit C.
"Hazardous Materials" shall have the meaning set forth in Section 10(g).
"Homebuyer Disclosure" shall have the meaning set forth in Section 12(e).
"House Plans" shall have the meaning set forth in Section 12(d)(i).
"Infrastructure Improvements" shall have the meaning set forth in Section 17.
"Initial Purchase Price" shall have the meaning set forth in Section 2(a).
"Lien Affidavit" shall have the meaning set forth in Section 4(a).
"Lot" and "Lots" shall have the meaning set forth in the Recitals.
"Lot Development Agreement" shall have the meaning set forth in the Recitals.
"Lotting Diagram" shall have the meaning set forth in the Recitals.
"Master Commitment" shall have the meaning set forth in Section 4(a).
"Master Covenants" shall have the meaning set forth in Section 4(d).
"Master Declaration" shall have the meaning set forth in Section 4(d).
"Metro District Payments" shall have the meaning set forth in Section 16(b).
"New Exception Objection" shall have the meaning set forth in Section 4(b).
"New Exception Review Period" shall have the meaning set forth in Section 4(b).
"New Exceptions" shall have the meaning set forth in Section 4(b).
"NOI" shall have the meaning set forth in Section 28(x).
"Non-Government Warranty Period" shall have the meaning set forth in Exhibit C, Section 3(b).
"Non-Government Warranty" shall have the meaning set forth in Exhibit C, Section 3(b).
"Non-Seller Caused Exceptions" shall have the meaning set forth in Section 4(b).
"NORM" shall have the meaning set forth in Section 10(c).
"OFAC" shall have the meaning set forth in Section 22.
"Offsite Infrastructure Improvements" shall have the meaning set forth in Section 5(b).
"Other New Exceptions" shall have the meaning set forth in Section 4(b).
"Overex" shall have the meaning set forth in Section 10(e).
"Permissible New Exceptions" shall have the meaning set forth in Section 4(b).
"Permitted Exceptions" shall have the meaning set forth in Section 9.
"PIF Percentage" shall have the meaning set forth in Section 9(e).
"Property" shall have the meaning set forth in the Recitals.
"Public Improvement Fee" or "PIF" shall have the meaning set forth in Section 9(e).
"Public Improvements" shall have the meaning set forth in Exhibit C, Section 3(a).
"Punch-List Items" shall have the meaning set forth in Section 5(b).
"Purchase Price" shall have the meaning set forth in Section 2.
"Purchaser Parties" shall have the meaning set forth in Section 10(i).
"Purchaser's Geotechnical Reports" shall have the meaning set forth in Section 10(e).
"Purchaser's SWPPP" shall have the meaning set forth in Section 28(x).
"Purchaser" shall have the meaning set forth in the Recitals.
"Rangeview" shall have the meaning set forth in Section 16(a).
"Representatives" shall have the meaning set forth in Section 28(bb).
"SDF" shall have the meaning set forth in Section 16(c)(iii).
"Second Closing" shall have the meaning set forth in Section 1.
"Seller Caused Exception" shall have the meaning set forth in Section 4(b).
"Seller Cure Period" shall have the meaning set forth in Section 4(b).
"Seller Documents" shall have the meaning set forth in Section 10(a).
"Seller Party" or "Seller Parties" shall have the meaning set forth in Section 10(h).

"Seller's Actual Knowledge" shall have the meaning set forth in Section 11(h).
"Seller's Condition Precedent" shall have the meaning set forth in Section 6(a).
"Seller's Representations" shall have the meaning set forth in Section 11.
"Seller" shall have the meaning set forth in the Recitals.
"SFD 45' Lots" shall have the meaning set forth in the Recitals.
"Sidewalks" shall have the meaning set forth in Exhibit C, Section 2.
"Sky Ranch" shall have the meaning set forth in the Recitals.
"Substantially Complete" or "Substantial Completion" shall have the meaning set forth in Section 5(b).
"Survey" shall have the meaning set forth in Section 4(a).
"SWPPP" shall have the meaning set forth in Section 28(x).
"Takedown 1 Closing Date" shall have the meaning set forth in Section 8(b).
"Takedown 1 Lots" shall have the meaning set forth in the Recitals.
"Takedown 2 Closing Date" shall have the meaning set forth in Section 8(b).
"Takedown 2 Closing" shall have the meaning set forth in Section 8(b).
"Takedown 2 Lots" shall have the meaning set forth in the Recitals.
"Takedown Commitment" shall have the meaning set forth in Section 4(b).
"Takedown" shall have the meaning set forth in the Recitals.
"Tap Purchase Agreement" shall have the meaning set forth in Section 16(a).
"Title Company" shall have the meaning set forth in Section 4(a).
"Title Objections" shall have the meaning set forth in Section 4(a).
"Tree Lawns" shall have the meaning set forth in Exhibit C, Section 2.

CONTRACT FOR PURCHASE
AND SALE OF REAL ESTATE

THIS CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Contract**") is entered into as of the last date of the signatures hereto (the "**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and TAYLOR MORRISON OF COLORADO, INC., a Colorado corporation ("**Purchaser**").

WHEREAS, Seller is developing a master planned residential community to be known as "**Sky Ranch**" which is located in Arapahoe County, Colorado ("**County**"). The Sky Ranch master planned residential community may also be referred to herein as the "**Development**". The preliminary concept map for Phase A of the Development is depicted on **Exhibit A** attached hereto. The Development is being platted in several subdivision filings and developed in phases. Each subdivision filing is hereinafter sometimes respectively referred to as a "**Filing**" and collectively as "**Filings**".

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase and obtain from Seller, approximately 161 platted single family detached residential lots (individually referred to as a "**Lot**" and collectively as the "**Lots**") in the Development which will be finished in accordance with this Contract and which will be used for the construction of single family residential dwellings upon the terms and conditions set forth in this Contract.

WHEREAS, Seller is selling platted residential lots within the Development to multiple homebuilders, including Purchaser. The Lots to be sold by Seller and acquired by Purchaser that are located within the Development shall be hereinafter collectively referred to as the "**Property**." The Lots will be conveyed at one or more Closings as more particularly provided herein and each such Closing may be referred to herein as a "**Takedown.**" The Lots which are to be conveyed at the first Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 1 Lots**"; the Lots which are to be conveyed at the second Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 2 Lots**"; and the Lots which are to be conveyed at the third Closing shall be sometimes hereinafter collectively referred to as the **Takedown 3 Lots**".

WHEREAS, as of the Effective Date, the Lots have not been subdivided pursuant to a recorded final subdivision plat. The number and location of the Lots to be acquired by Purchaser are generally depicted on the preliminary concept map for Phase A of the Development attached hereto as **Exhibit A** (the "**Lotting Diagram**"). The precise number, dimension and location of the Lots will be established at the time the subdivision plat for such Lots is approved by the County and/or any other relevant governmental authority (collectively, the "**Authorities**" and each an "**Authority**"). As of the Effective Date, the parties anticipate that Purchaser will acquire approximately 161 Lots that are approximately 45 feet wide by approximately 110 feet deep for the construction of single family detached homes ("**SFD 45' Lots**").

WHEREAS, following Purchaser's acquisition of Lots, Seller will construct certain infrastructure improvements for the Lots as described on **Exhibit C** attached hereto (the "**Finished Lot Improvements**") pursuant to a lot development agreement executed by Seller and Purchaser in the form set forth on **Exhibit F** ("**Lot Development Agreement**").

1. Purchase and Sale

. The Property shall be purchased at three (3) Closings. Subject to the terms and conditions of this Contract, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, on or before the dates set forth in Section 6(b) below, the Lots in each Takedown, as generally depicted on the Lotting Diagram and as follows:

At the Takedown 1 Closing ("**First Closing**"), fifty (50) SFD 45' Lots;

At the Takedown 2 Closing ("**Second Closing**"), fifty (50) SFD 45' Lots;

At the Takedown 3 Closing ("**Third Closing**"), sixty-one (61) SFD 45' Lots.

Notwithstanding the foregoing, however, the parties acknowledge and agree that the Parties shall negotiate during the Due Diligence Period to reach agreement on a mutually acceptable site plan for the Lots ("**Final Lotting Diagram**") and that the exact number and location of the Lots within each Takedown are subject to adjustment based upon the approval by the Authorities of the Final Plat (as hereinafter defined) that includes the Lots to be acquired by Purchaser at each Takedown. The precise number, dimension (subject to the provisions of this Contract), location and legal description of the Lots will be established at the time the Final Plat for such Lots is approved by the County and/or any other Authority, and upon approval of each such Final Plat the parties shall execute an amendment to this Contract setting forth the legal description of those Lots included in the approved Final Plat.

2. Purchase Price. The purchase price to be paid by Purchaser to Seller for each Lot (the **Purchase Price**") shall consist of the Initial Purchase Price (as hereinafter defined) and the Deferred Purchase Price (as hereinafter defined). The Purchase Price for each Lot shall be calculated as provided in the following Section 2(a) and shall be subject to adjustment as provided in Section 2(b) below:

(a) Purchase Price Payments. For each Lot the Purchase Price shall be the sum of the "**Initial Purchase Price**" of Twenty Thousand and 00/100 Dollars ($20,000.00) paid by Purchaser to Seller by wire transfer or other immediately available and collectible funds ("**Good Funds**"), and the "**Deferred Purchase Price**" of Forty Seven Thousand Five Hundred and 00/100 Dollars ($47,500.00) paid by Purchaser to Seller in Good Funds, for a total of Sixty Seven Thousand Five Hundred and 00/100 Dollars ($67,500.00) per Lot (subject to adjustment as hereinafter provided in Section 2(b) of this Agreement). The Deferred Purchase Price for the Lots acquired by Purchaser at the First Closing shall be secured by a letter of credit delivered by Purchaser into escrow at the First Closing, the Deferred Purchase Price for the Lots acquired by Purchaser at the Second Closing shall be secured by a letter of credit delivered by Purchaser into escrow at the Second Closing, and the Deferred Purchase Price for the Lots acquired by Purchaser at the Third Closing shall be secured by a letter of credit delivered by Purchaser into escrow at the Third Closing, as more particularly described in Section 5(c) below.

(b) Purchase Price Escalator. The Purchase Price of each Lot that is acquired at the Second Closing of the Takedown 2 Lots and the Third Closing of the Takedown 3 Lots will increase by an amount equal to the amount of simple interest that would accrue thereon for the period elapsing between the date that the First Closing occurs until the date the applicable Closing occurs, at a per annum rate equal to two and one-half percent (2.5%) (the "**Escalator**"). By way of example and for clarification purposes only, if the Purchase Price of a Lot at the Closing of the Takedown 1 Lots is $67,500, then at a subsequent Closing occurring 12 months (365 days) following the date of the closing of the Takedown 1 Lots, the Purchase Price for a Lot at such subsequent Closing will be $69,187.50, which is calculated as follows: $67,500 + ($67,500 x ..025) = $69,187.50, $20,500 shall be payable as the Initial Purchase Price for the Lots acquired at that subsequent Closing.

3. Payment of Purchase Price. The Purchase Price for each of the Lots, as determined pursuant to Section 2 above, shall be payable as follows:

(a) Earnest Money Deposit. Within three (3) business days following the Effective Date, Purchaser shall deliver to the Title Company (as defined in Section 4(a) hereof) an earnest money deposit in the amount of $250,000.00. The Title Company will act as escrow agent and invest the earnest money deposit in a federally insured institution at the highest money market rate available. The earnest money deposit and all interest earned thereon shall be referred to herein as the "**Deposit**." The Deposit shall be paid in Good Funds. The Deposit will be applied to the Initial Purchase Price for the Takedown 3 Lots. If this Contract is terminated prior to the expiration of the Due Diligence Period for any reason, the Deposit shall be refunded to Purchaser. If this Contract is terminated after the Due Diligence Period and prior to the Deposit being fully applied to the Purchase Price at the last Closing, the Deposit shall be paid to Seller, except in the case of a termination of this Contract pursuant to a provision that expressly entitles Purchaser to a refund of the Deposit as provided elsewhere herein.

(b) Initial Purchase Price. That portion of the Purchase Price for each Lot that is identified as the Initial Purchase Price and calculated as provided in Section 2 above shall be paid by Purchaser to Seller in Good Funds at the Closing that is applicable to the Lot.

(c) Deferred Purchase Price. That portion of the Purchase Price for each Lot that is identified as the Deferred Purchase Price in Section 2 above is due and payable by Purchaser to Seller, as provided in and pursuant to the terms of the Lot Development Agreement.

4. Seller's Title.

(a) Preliminary Title Commitment. Within ten (10) business days after the Effective Date, Seller shall furnish to Purchaser, at Seller's expense, a current commitment for a Title Policy (as defined below) for the Property (the "**Master Commitment**") issued by Land Title Guarantee Company ("**Title Company**") as agent for First American Title Insurance Company, together with copies of the instruments listed in the schedule of exceptions in the Master Commitment. If the Master Commitment contains any exceptions from coverage which are unacceptable to Purchaser, then Purchaser shall object to the condition of the Master Commitment in writing within forty-five (45) days of Purchaser's receipt of the Master Commitment together with copies of all documents constituting exceptions to title (the "**Title Objections**"). Upon receipt of the Title Objections, Seller may, at its option and at its sole cost and expense, clear the title to the Property of the Title Objections within twenty (20) days of receipt of the Title Objections. In the event Seller fails, or elects not to clear the title to the Property of the Title Objections on or before the date that is ten (10) days before the expiration of the Due Diligence Period, the Purchaser, as its sole remedy, may elect before the expiration of the Due Diligence Period either: (i) to terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 12(c) below; or (ii) to waive such objections and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the title matters as to which its Title Objections have been waived. If Purchaser fails to provide the Title Objections prior to the expiration of the sixty (60) day period required by this Section 4(a), Purchaser shall be deemed to have elected to waive its objections as described in the preceding clause. If Purchaser fails to notify Seller of its election to terminate this Contract or waive it objections, Purchaser shall be deemed to have elected to waive its objections to any title matter that Seller has failed or elected not to cure. Seller shall release at or prior to the applicable Closing any monetary lien that Seller caused or created against the Property with respect to that portion of the Property to be acquired at a particular Closing other than non-delinquent real estate taxes and assessments and Permitted Exceptions, and such monetary liens shall not constitute Permitted Exceptions (as hereinafter defined). At each Closing, without the need for Purchaser to object to the same in Purchaser's Title Objections, Seller shall execute and deliver the Title Company's standard form mechanic's lien affidavit (the "**Lien Affidavit**") in connection with the standard printed exception for liens arising against the Lots purchased at the Closing for work or materials ordered or contracted for by Seller, and to the extent required by the Title Company a commercially reasonable indemnity agreement (the "**Title Company Indemnity**"), provided, however, if Purchaser determines during the Due Diligence Period that the Title Company refuses or is unwilling to delete the standard printed exception for liens as part of extended coverage despite Seller's offer to execute and deliver the Lien Affidavit and Title Company Indemnity, then Purchaser will have the right to terminate this Contract on or before the expiration of the Due Diligence Period whereupon the Deposit will be returned to Purchaser, or Purchaser may proceed with the Closing in which event the Title Policy will contain, and the Lots will be conveyed subject to, the standard printed exception for liens unless the Title Company thereafter agrees thereafter to delete such lien exception, however, the Purchaser shall have no further termination rights if the Title Company does not agree to do so. If the Title Company agrees during the Due Diligence Period to delete the standard printed exception for liens as part of extended coverage and thereafter the Title Company refuses to delete the exception for liens based on Seller's offer to execute and deliver the Lien Affidavit and Title Company Indemnity, then such exception shall be deemed a Non-Seller Caused Exception (as hereinafter defined) to which Purchaser shall have the right to object pursuant to Section 4(b). Seller shall request that the Takedown Commitment (as hereinafter defined) provide for the deletion of the other standard printed exceptions from the Title Policy (provided that Seller's only obligation with respect thereto shall be to provide a copy of Seller's existing survey ("**Survey**"), if any, of the land that contains the Lots, obtain and furnish a plat certification issued by a licensed surveyor, to execute the Title Company's standard form seller-owner final affidavit and agreement as reasonably modified by Seller and as to Seller's acts only if such affidavit is required by the Title Company for the purpose of deleting any exception for parties in possession ("**Owner's Affidavit**"), and to execute the Title Company's Lien Affidavit with respect to Seller's acts, in form and substance reasonably acceptable to Seller). Seller has no obligation to provide a new Survey or to update any existing Survey.

(b) Subsequently Disclosed Exceptions. Not less than fifteen (15) days prior to the applicable Closing, Purchaser may request that the Title Company issue an updated title commitment for that portion of the Property to be acquired at such Closing (each a "**Takedown Commitment**"), together with copies of any additional instruments listed in the schedule of exceptions which are not reflected in the Master Commitment furnished pursuant to Section 4(a) above or in any prior Takedown Commitment. Additional items disclosed by a Takedown Commitment or by an amendment to the Master Commitment that affect title to the subject Property are referred to as "**New Exceptions**". New Exceptions affecting title to the subject Property that are allowed by the provisions of this Contract are referred to as "**Permissible New Exceptions**" and all other New Exceptions are referred to as "**Other New Exceptions**". Purchaser has no right to object to any Permissible New Exception. Other New Exceptions which do not materially adversely affect title or use of a Lot shall also be Permissible New Exceptions. Purchaser shall have a period of seven (7) days from the date of its receipt of such Takedown Commitment or amendment to the Master Commitment and a copy of the New Exceptions (the "**New Exception Review Period**") to review and to approve or disapprove any Other New Exceptions. If the Other New Exception is unacceptable to Purchaser, Purchaser shall object to the Other New Exception in writing within seven (7) days from the date of Purchaser's receipt of the Takedown Commitment, together with a copy of the New Exceptions (the "**New Exception Objection**"). Upon receipt of the New Exception Objection, Seller shall cure the New Exception Objection (by deletion, insuring over or endorsement) to the extent that such Other New Exception was caused or created by Seller and is not otherwise permitted by this Contract ("**Seller Caused Exception**"). If the New Exception Objection relates to an Other New Exception that was not caused by Seller ("**Non-Seller Caused Exception**"), Seller may, at its sole discretion, cure the New Exception Objection, within fifteen (15) days of receipt of the New Exception Objection ("**Seller Cure Period**") and the applicable Closing Date will be extended to accommodate the Seller Cure Period. In the event Seller fails, or elects not to cure a Non-Seller Caused Exception within such fifteen (15) day period, the Purchaser, as its sole remedy, may elect within five (5) days after the end of the Seller Cure Period either: (i) to terminate this Contract as to the Lots affected by such New Exception, in which event the prorata portion of the Deposit for such Lots shall be refunded to Purchaser and the parties shall have no further rights or obligations under this Contract as to such Lots; or (ii) to waive such objection and proceed with the acquisition of the Lots in such Takedown, in which event Purchaser shall be deemed to have approved the New Exception. If Purchaser fails to notify Seller of its election to terminate this Contract as to the applicable Lots in accordance with the foregoing sentences within five (5) days after the expiration of the Seller Cure Period (i) Purchaser shall be deemed to have elected to waive its objections as described in the preceding sentences (ii), and all such items shall be deemed to be Permitted Exceptions.

(c) Permitted Exceptions; Additional Easements. Seller shall convey title to the Lots included in each Takedown of the Property to Purchaser at the Closing for such Takedown subject to the Permitted Exceptions described in Section 9 hereof. Prior to each such Closing, Seller shall have the right, subject to the limitations set forth below and in **Exhibit B** and provided Seller shall advise and provide copies of same to Purchaser promptly after Seller becomes aware of same, to convey additional easements as Permissible New Exceptions to utility and cable service providers, governmental or quasi-governmental Authorities, metropolitan, water and sanitation districts, homeowners associations or property owners associations or other entities that serve the Development or adjacent property for construction of utilities and other facilities to support the Development or such adjacent property, including but not limited to sanitary sewer, water lines, electric, cable, broad-band and telephone transmission, storm drainage and construction access easements across the Property not yet acquired by Purchaser, allowing Seller or its assignees the right to install and maintain sanitary sewer, water lines, cable television, broad-band, electric, telephone and other utilities on the Property and on the adjacent property owned by Seller and/or its affiliates, and further, to accommodate storm drainage from the adjacent property. Such easements shall require the restoration of any surface damage or disturbance caused by the exercise of such easements, shall not be located within the building envelope of any Lot, shall not materially detract from the value, use or enjoyment of (i) the Lots affected or the remaining portion of the Property on which such easements are to be located, or (ii) any adjoining property of Purchaser.

(d) Master Covenants. Prior to the Takedown 1 Closing, Seller shall, subject to the limitations set forth below, prepare covenants, conditions and restrictions for the Development or the portion thereof in which the Property is located (the "**Master Declaration**") incorporating architectural and design standards and guidelines, use limitations and restrictions and which may establish an owners association or provide that the District shall administer the Master Declaration, among other matters, together with such supplemental declarations as may have been or may be recorded to subject the Property to the provisions of the Master Declaration (collectively, the "**Master Covenants**"). Seller shall provide a draft of the Master Covenants in substantially the form to be recorded to Purchaser for Purchaser's review within thirty (30) days after the Effective Date. If the Master Covenants contain any provisions which are unacceptable to Purchaser in Purchaser's reasonable discretion, Purchaser shall object to such provisions with particularity in writing within ten (10) days of receipt of the draft Master Covenants. Upon receipt of such objection, Seller may, at its option, modify the objectionable provisions of the Master Covenants within ten (10) days of receipt of such objection from Purchaser. In the event Seller fails or elects in its discretion not to modify the objectionable provisions of the Master Covenants within such ten (10) day period, Purchaser shall have the right as its sole remedy to elect either: (i) to terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 12(c) below; or (ii) to waive any objections to the Master Covenants and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the Master Covenants as to which its objections have been waived. If Purchaser fails to provide written notice to Seller of its objection to the Master Covenants within ten (10) days of receipt of the draft Master Covenants as required by this Section 4(d), Purchaser shall be deemed to have elected to waive its objections as described in the preceding clause and the Master Covenants shall be deemed to be Permitted Exceptions. Seller shall be permitted to revise the Master Covenants at any time before the First initial Closing under this Contract without the consent of Purchaser, provided that any such revision has no material adverse effect on the Lots acquired or to be acquired by Purchaser.

(e) Title Policy. Within a reasonable time after each Closing, Seller, at its expense, shall cause the Title Company to deliver a Form 2006 ALTA extended coverage owner's policy of title insurance ("**Title Policy**"), insuring Purchaser's title to the Property conveyed at such Closing, pursuant to the applicable Takedown Commitment and subject only to the Permitted Exceptions, together with such endorsements as Purchaser may request and which the Title Company agrees to issue during the Due Diligence Period, and shall pay the premium for the basic policy at such Closing. The Title Policy shall provide insurance in an amount equal to the Purchase Price for all Lots purchased at such Closing. At each Closing, Seller shall offer to execute and deliver a Lien Affidavit and an Owner's Affidavit, and shall obtain and furnish a plat certification issued by a licensed surveyor, both as provided in Section 4(a) above. Purchaser shall pay any fees charged by the Title Company to delete the standard pre-printed exceptions. Purchaser shall pay for the premiums for any endorsements requested by Purchaser, except that Seller shall pay for any endorsements that Seller agrees to provide in order to cure a Title Objection.

5. Seller Obligations. Seller shall have the following obligations:

(a) Entitlements.

(i) Existing Entitlements. The County previously approved the following entitlements for the Property (collectively, the '**Existing Entitlement Documents**"): a Preliminary Plat and a Preliminary Development Plan. Seller shall provide a copy of the Existing Entitlement Documents to Purchaser as part of the Seller. Documents.

(ii) Platting and Entitlements. Seller shall be responsible, at Seller's sole cost and expense, for preparing and processing in a commercially reasonable manner and timeframe, and diligently pursuing and obtaining Final Approval (as defined below) from the County and any other appropriate Authority and recording in the records of the Clerk and Recorder of the County (the "**County Records**"), as may be required, the following: (i) a specific development plan that includes the Property ("**SDP**"); (ii) an administrative site plan ("**ASP**") and final subdivision plat or plats for each Filing within the Property (each a '**Final Plat**"); (iii) the public improvement construction plans for all onsite and offsite public improvements relating to such Final Plat ("**CDs**"); and (iv) the development or subdivision improvement agreement associated with such Final Plat and other similar documentation required by the Authorities in connection with approval of such Final Plat and CDs (collectively, such documents are referred to, with respect to each Takedown, as the "**Final Subdivision Documents**" and together with the Existing Entitlement Documents, collectively, the '**Entitlements**" for such Takedown). The Final Subdivision Documents shall substantially comply with the Final Lotting Diagram, and shall provide that the Property contains approximately 161 Lots with each of the Lots being approximately 45 feet wide by approximately 110 feet deep with a building envelope that is not less than 35' wide (after taking into consideration applicable setbacks), and the Final Subdivision Documents shall not impose new or additional requirements upon Buyer the cost of which is expected to exceed $3,000 for any Lot or limit or materially adversely affect the use of any Lot for the construction of a residence thereon. Seller shall use commercially reasonable efforts to have the Entitlements for each Takedown, respectively, approved by the Authorities and recorded as necessary in the County Records with applicable governmental or third-party appeal or challenge periods applicable to an approval decision of the Board of Commissioners or Planning Commission having expired without any appeal then-pending ("**Final Approval**"). Seller shall use commercially reasonably efforts to obtain Final Approval of the Entitlements on or before nine (9) months after the expiration of the Diligence Period (or any extensions thereof). If Final Approval of the Entitlements applicable to the Takedown 1 Lots has not been achieved as aforesaid on or before nine (9) months after the Effective Date, then Seller, in its discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months after the initial nine (9) month period by providing written notice to Purchaser prior to the expiration of such nine (9) month period. If Seller shall not secure such Final Approval of the Takedown 1 Lots by the expiration of the initial nine (9) month period and shall fail to exercise such extension, each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser. If Seller extends the time period for obtaining Final Approval of the Takedown 1 Lots, then during such extended time period Seller shall use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract (unless Seller failed to use commercially reasonable efforts to obtain Final Approval of such Entitlements), but this Contract shall terminate in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser. The timing for Final Approval of the Entitlements for Takedowns after Takedown 1 is as set forth in Section 6(b)(i) hereof. During the approval process, Seller shall keep Purchaser reasonably informed of the process and the anticipated results therefrom and provide Purchaser with copies of the Final Subdivision Documents as submitted to the County and other reasonable documentation relating to same. Purchaser, at no material cost to Purchaser (other than costs incurred to obtain services that could reasonably be performed or provided in-house), shall cooperate with Seller in Seller's efforts to obtain Final Approval of the Entitlements by the County.

(iii) Lot Minimums for each Takedown. The Final Plat(s) for the Property and the Lots are anticipated to be in a form which is substantially consistent, with the Final Lotting Diagram, subject to changes made necessary by the Authorities and/or final engineering decisions which are necessary to properly engineer, design, and install the improvements in accordance with the requirements of the County and other applicable Authorities.

(iv) Recordation of Final Plat. At or before each Closing, Seller shall have caused to be recorded the Final Plat that includes the Lots that are to be purchased at that Closing. Seller shall be responsible for providing to the County the bond or other financial assurance that is required by the County to record each Final Plat.

(b) Offsite Infrastructure. Seller shall cause Rangeview and/or the District to install and construct in a commercially reasonable manner, and diligently pursue to substantial completion the offsite infrastructure improvements that are identified and described on **Exhibit D** attached hereto and incorporated herein by this reference (collectively, the "**Offsite Infrastructure Improvements**"). The Offsite Infrastructure Improvements will be completed in a good, workmanlike and lien-free manner, in accordance with the CDs, applicable laws, codes, regulations and governmental requirements for the Development and the requirements of this Agreement. Seller shall or shall cause Rangeview and/or the District to use commercially reasonable efforts to have the Offsite Infrastructure Improvements Substantially Complete in accordance with the Schedule set forth on **Exhibit D**, subject to Force Majeure, which schedule will substantially conform to the timing set forth in clause (10) of Section 5(c)(ii) below. Rangeview will be constructing a new wastewater reclamation facility ("**WWRF**") for the Development. As an addition to Purchaser's Conditions Precedent, Seller shall provide evidence to Purchaser that Rangeview has received the necessary authorizations from the Water Quality Control Division of the Colorado Department of Public Health and Environment and from the County to construct the WWRF, and has awarded a contract for the construction of the WWRF (such authorizations and contract collectively, the "**WWRF Authorizations**"). Without limiting the generality of the foregoing, Purchaser specifically acknowledges and agrees that the wastewater treatment plant currently planned as an Offsite Infrastructure Improvement will not be Substantially Complete on or before the date that Purchaser obtains its first building permit for a Lot. Therefore, Seller shall provide as part of the Offsite Infrastructure Improvements, at Seller's sole cost, a temporary alternative service for the processing of wastewater sufficient for the issuance of building permits and certificates of occupancy consisting of two sequential batch reactor basins with a combined volume of 500,0000 gallons, along with appurtenant facilities to mitigate the development of odors, that Rangeview's engineer will certify as having been constructed in accordance with approved plans and specifications (the "**Alternative Service**"). The Alternative Service shall be Substantially Complete and operational on or before the date required for Substantial Completion of the other Offsite Infrastructure Improvements set forth on **Exhibit D** so that Purchaser can obtain building permits for the Lots, and shall continue in operation until such time as the wastewater treatment plant is Substantially Complete. Seller shall deposit into escrow the costs to construct and operate the Alternative Service pursuant to an Offsite Infrastructure Escrow Agreement. Seller will give Purchaser written notice ("**Completion Notice**") when each Offsite Infrastructure Improvement is Substantially Complete. During the construction process, Seller shall keep Purchaser reasonably informed of the progress of the construction of the Offsite Infrastructure. The term "**Substantially Complete**" or "**Substantial Completion**" means that the improvements have been completed in accordance with the CD's therefor and all other requirements of this Agreement, Seller has requested or applied for construction acceptance by the County or any other applicable Authority having jurisdiction, Seller shall have posted all financial assurances required by the County or any other applicable Authority having jurisdiction to commence the warranty period, the improvements may be used for their intended purpose, and Purchaser will not be precluded from obtaining building permits for homes on each of the Lots (thereafter Seller shall complete the improvements so that Purchaser will not be precluded from obtaining the issuance of certificates of occupancy following completion of homes as a result of the degree of completion of the improvements). Seller and/or Rangeview shall be responsible for obtaining final acceptance by the County and any other applicable Authority having jurisdiction in accordance with the requirements of the County or other Authority. As an addition to Purchaser's Conditions Precedent, Seller shall on or before the First Closing (i) have obtained Final Approval of the applicable Authorities of the CDs for the Offsite Infrastructure Improvements; (ii) have obtained development permits for the Offsite Infrastructure Improvements; (iii) have executed the contracts for installation of the Offsite Infrastructure Improvements providing for a guaranteed maximum price, and (iv) have deposited funds into a controlled disbursement account pursuant to one or more agreements (each an "**Offsite Infrastructure Escrow Agreement**" and in the plural "**Offsite Infrastructure Escrow Agreements**") equal to the contracted cost to Substantially Complete the Offsite Infrastructure Improvements, which Seller and/or Rangeview shall have the right to draw upon to pay for such Offsite Infrastructure Improvements as constructed. The form of the Offsite Infrastructure Escrow Agreement shall be subject to Purchaser's review and approval during the Due Diligence Period and if Purchaser is not satisfied with such agreement for any reason, then Purchaser's sole remedy shall be to terminate this Agreement under Section 10(a) and if Purchaser does not so terminate the Agreement then the Offsite Infrastructure Escrow Agreement shall be deemed approved. At Closing the Purchaser may become a party by joinder to the Offsite Infrastructure Escrow Agreement solely with respect to remedies for a Seller default in timely completing the Offsite Infrastructure Improvements, including a step right if Seller does not timely complete such improvements. Seller and Purchaser agree that the Offsite Infrastructure Escrow Agreement will provide that Richmond American Homes of Colorado (to the extent that it has joined such Offsite Infrastructure Escrow Agreement) shall have the first right to step-in and complete the Offsite Infrastructure Improvements. In the event that Seller does not complete any Offsite Infrastructure Improvements by the required date (subject to Force Majeure), the Purchaser and all other purchasers of Lots in the Development shall have the right as their remedy to withdraw the necessary funds out of such escrow to cause completion of the applicable Offsite Infrastructure Improvements. Seller shall deliver the form of the Offsite Infrastructure Escrow Agreement to Purchaser within 15 days following the Effective Date. Seller is not obligated to install any amenities related to the Community Park as part of the Offsite Infrastructure or the Finished Lot Improvements, but Seller and Purchaser agree to use good faith efforts during the Due Diligence Period to establish the timing, financing and other relevant details pertaining to the installation of amenities on the Community Park.

(c) Finished Lot Improvements/Lot Development Agreement.

(i) At the First Closing, Purchaser and Seller shall enter into an agreement the Lot Development Agreement in the form attached as **Exhibit F** of this Contract obligating Seller to construct and install the Finished Lot Improvements as described on **Exhibit C** attached hereto.

(ii) The Lot Development Agreement includes, without limitation, provisions that provide for the following: (1) phased completion of the Offsite Infrastructure Improvements and the Finished Lot Improvements consisting of two phases with respect to the Takedown 1 Lots and two subsequent phases with respect to the Takedown 2 Lots for a total of four phases; (2) the payment of the Deferred Purchase Price by Purchaser as follows: For each phase, one-half of the Deferred Purchase Price for the Lots in that phase shall be paid to Seller upon substantial completion and construction acceptance by Rangeview of that portion of the Finished Lot Improvements consisting of the water, sanitary sewer and storm sewer infrastructure that is necessary to serve the Lots in that phase, and the remaining one-half of the Deferred Purchase Price for the Lots in that phase shall be paid to Seller upon substantial completion of the balance of Finished Lot Improvements that serve that phase to the extent necessary to obtain building permits; (3) Seller's and/or the District's obligation to post surety as required by the County in connection with such phases; (4) provisions regarding Seller's and/or the District's agreements with the contractors who will construct the Finished Lot Improvements; (5) Seller's and/or the District's warranty obligations, as provided on **Exhibit C**; (6) Seller's obligation to obtain lien waivers and to discharge mechanics liens related to construction of the Finished Lot Improvements; (7) Purchaser step-in rights in the event of a Seller and/or District default (as defined in the Lot Development Agreement); (8) a license from Purchaser to permit construction of the Finished Lot Improvements and performance of other related activities on the Lots; (9) Seller's obligation to pay construction costs in excess of the Deferred Purchase Price; and (10) a schedule providing for the first phase to be Substantially Completed ten (10) months after the First Closing, with the second phase to be Substantially Completed nine (9) months after substantial completion of the first phase, with the third phase to be Substantially Completed nine (9) months after the Second Closing and the fourth phase to be Substantially Completed nine (9) months after Substantial Completion of the third phase, all subject to Force Majeure, and all subject to the terms and conditions of Lot Development Agreement. The Seller, Purchaser, other builder(s) affected by any improvements to be constructed under the Lot Development Agreement that serve or benefit the Lots and other property that is to be acquired by such other builder(s) ("**Joint Improvements**") and the Title Company will at Closing execute a "**Joint Improvements Memorandum**" that describes the rights and obligations of Seller, Purchaser, such other builder(s) and Title Company and such document will supplement the Lot Development Agreement regarding the installation and construction of any Joint Improvements, including step-in rights consistent with the Offsite Infrastructure Escrow Agreement. The form of the Joint Improvements Memorandum shall be agreed upon during the Due Diligence Period and attached to the Lot Development Agreement as Exhibit J thereto. If such Joint Improvements Memorandum is not agreed upon during the Due Diligence Period, then the Purchaser shall as its sole remedy, has the right to terminate the Contract.

(iii) After obtaining Final Approval of all necessary Entitlements for the applicable Lots, Seller acting as the constructing party under the Lot Development Agreement shall commence and diligently pursue completion or cause to be completed for the Lots being purchased and acquired by Purchaser at each Closing, subject to Force Majeure, the Finished Lot Improvements in accordance with the phasing, provisions and schedules of the Lot Development Agreement and all applicable laws, codes, regulations and governmental requirements for the Lots. Seller will notify Purchaser when each phase of the Finished Lot Improvements have been Substantially Completed. Seller's failure to comply with the foregoing covenant shall not constitute a default hereunder unless and until such failure shall constitute an event of default (as defined in the Lot Development Agreement) under the Lot Development Agreement.

(iv) In order to secure Purchaser's obligation following each Closing to pay the Deferred Purchase Price in accordance with the terms of this Contract and the payment schedule set forth in the Lot Development Agreement as described in Section 5(c) of this Contract, at each Closing, Purchaser shall deliver to Title Company, acting as escrow agent, a letter of credit issued by _____ in the form attached hereto as **Exhibit G** (the "**Letter of Credit**") and in an amount equal to the sum of the Deferred Purchase Price for all of the Lots acquired by Purchaser at such Closing plus, for the Takedown 2 Lots and the Takedown 3 Lots, the Escalator thereon calculated pursuant to Section 2(b). Title Company shall hold and maintain the Letter of Credit pursuant to the Lot Development Agreement in an escrow account established by Title Company for the benefit of Seller and Purchaser. The Letter of Credit for each Closing shall remain in place until the final payment of the Deferred Purchase Price applicable to such Closing has been made to the Seller following Substantial Completion of the Finished Lot Improvements which serve the Lots acquired by Purchaser at such Closing. If the Letter of Credit is scheduled to expire prior to the Substantial Completion of all of such Lots, and Purchaser has not renewed the Letter of Credit at least fifteen (15) days prior to the expiration date thereof, Title Company is authorized and directed to draw down the full amount of the Letter of Credit and deposit such funds in escrow to be used solely for the payment of any unpaid Deferred Purchase Price. The Letter of Credit may provide that it may be reduced from time to time to the extent of payments of the Deferred Purchase Price made by Purchaser for Finished Lot Improvements in accordance with the terms, including the payment schedule, set forth in the Lot Development Agreement and Section 5(c) of this Agreement. The Letter of Credit for each Closing shall be returned to Purchaser, together with an executed reduction certificate reducing the face amount thereof to $0.00, upon payment in full of the Deferred Purchaser Price for all of the Lots in such Closing. Failure by Purchaser to pay any portion of the Deferred Purchase Price when the same shall become due and payable, provided that at such failure continues for a period of ten (10) days after the delivery of written notice thereof from Seller to Purchaser, shall entitle Seller to enforce the collection of the delinquent Deferred Purchase Price by drawing upon the Letter of Credit or having the Title Company draw upon the Letter of Credit, and in either event the funds so drawn shall be paid to Seller as payment of any unpaid Deferred Purchase Price and such failure to pay shall be deemed cured. If Seller or Title Company is unable to draw upon the Letter of Credit, Seller may protect and enforce its rights under this Agreement pertaining to payment of the Deferred Purchase Price by (i) such suit, action, or special proceedings as Seller shall deem appropriate, including, without limitation, any proceedings for the specific performance of any covenant or agreement contained in this Agreement and the Lot Development Agreement or the enforcement of any other appropriate legal or equitable remedy, or for the recovery of actual damages (excluding consequential, punitive damages or similar damages) caused by Purchaser's failure to pay the Deferred Purchase Price, including reasonable attorneys' fees, and (ii) enforcing Seller's lien rights under the Lot Development Agreement. Seller's remedies are non-exclusive. The foregoing provisions regarding the Letter of Credit as security for payment of the Deferred Purchase Price shall be included in the Lot Development Agreement in the form of escrow instructions.

6. Pre-Closing Conditions

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(a) Seller's Conditions. Seller's obligations to close hereunder are contingent upon satisfaction of the following condition ("**Seller's Condition Precedent**"): (i) that Purchaser and other homebuilders are under contract to purchase at least 200 of the residential lots in the Development, and close the initial purchase of lots under some or all of such purchase and sale agreements as determined by Seller simultaneously. Seller agrees to use commercially reasonable, good faith efforts to timely satisfy the Seller's Condition Precedent. If for any reason other than Seller's fault or exercise of its discretion, Seller's Condition Precedent is not satisfied on or before the date of the First Closing, Seller may terminate this Contract (in which event the Deposit shall be returned to Purchaser), or elect, by written notice to Purchaser at least ten (10) days before the First Closing, to waive the condition and proceed to Closing for the applicable Lots for the applicable Takedown, or elect to extend the date of the applicable deadline and the Closing for the applicable Lots for a period of time not to exceed 60 days by giving written notice to Purchaser on or before the Takedown 1 Closing Date, during which time Seller shall use commercially reasonable efforts to cause such condition to be satisfied. If Seller elects to extend the Takedown 1 Closing Date and the Seller's Condition Precedent is not satisfied as of the last day of the 60-day extension period for any reason other than Seller's fault or exercise of its discretion, then Seller shall elect within five (5) business days after the end of such extension period to either terminate this Contract (in which event the Deposit shall be returned to Purchaser), or elect to waive the condition and proceed to Closing for the applicable Lots. Failure to give notice as described above shall be an irrevocable waiver of Seller's right to terminate this Contract as to the affected Takedown pursuant to this Section 6(a).

(b) Purchaser's Conditions. It shall be a condition precedent to Purchaser's obligation to close each Takedown, that the following conditions ("**Purchaser's Conditions Precedent**") have been satisfied:

(i) Final Approval of the Entitlements for each respective Takedown by the County and all other applicable Authorities and recordation of the Final Plat thereof and such other Entitlements in the County Records as may be required by the County on or before the applicable Closing Date, as the same may be extended.

(ii) Seller's representations and warranties set forth herein shall be materially true and correct as of each Closing.

(iii) The Title Company shall be irrevocably and unconditionally committed (subject only to Purchaser's obligation to pay the portion of the Title Policy premium for which Purchaser is responsible under this Contract and satisfaction of any Title Company requirements applicable to Purchaser) to issue to Purchaser the applicable Title Policy with the endorsements as Purchaser may request and the Title Company agrees in writing to issue prior to the expiration of the Due Diligence Period, subject only to the Permitted Exceptions accepted by Purchaser in accordance with the provisions of this Contract.

(iv) The Purchaser's Condition Precedent in Section 5(b) regarding Offsite Infrastructure Improvements has been satisfied.

(v) The Purchaser's Condition Precedent in Section 5(b) regarding the WWRF Authorizations has been satisfied.

(vi) The Joint Improvements Memorandum shall have been fully executed by all required parties.

If the Purchaser's Conditions Precedent are not satisfied on or before each respective Closing Date, Purchaser may: (1) waive the unfulfilled Purchaser's closing condition, (2) extend the applicable Closing Date for up to thirty (30) days to allow more time for Seller to satisfy the unfulfilled Purchaser's Condition Precedent, or (3) as its sole remedy hereunder terminate this Contract as to such Takedown and any remaining Takedowns by written notice to Seller, delivered on or before two (2) business days after the applicable Closing Date, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit made by Purchaser that has not been applied to the Purchase Price for Lots already acquired by Purchaser shall be returned to Purchaser. If Purchaser elects to extend the Closing Date under (2) and the unsatisfied Purchaser's Condition Precedent is not satisfied as of the last day of the thirty (30) day extension period, then Purchaser shall, as its sole remedy, elect to waive or terminate under (1) or (3). Failure to give notice as described above shall be an irrevocable waiver of Purchaser's right to terminate this Contract as to the affected Takedown pursuant to this Section 6(b). If Purchaser terminates or is deemed to terminate the Contract pursuant to this paragraph, Seller may negate such termination by giving notice to Purchaser that Seller has elected to extend the applicable Closing Date by thirty (30) days for the purpose of continuing its efforts to satisfy the unfulfilled Purchaser's Condition Precedent, so long a such notice is given within one (1) business day after Purchaser's termination, and Purchaser shall again have a termination right pursuant to this Section if such condition is not satisfied during the extended period.

7. Closing. "**Closing**" shall mean the delivery to the Title Company of all applicable documents and funds required to be delivered pursuant to Section 8 hereof and unconditional authorization of the Title Company to disburse, deliver and record the same. The purchase of Lots at the closing of a Takedown shall be deemed to be "**Closed**" when the documents and funds required to be delivered pursuant to Section 8 hereinafter have been delivered to the Title Company, and the Title Company agrees to unconditionally to disburse, deliver and record the same.

8. Closings; Closing Procedures.

(a) On each respective Closing Date, Purchaser shall purchase the number of Lots that Purchaser is obligated to acquire hereunder in the applicable Takedown.

(b) Closing Dates. The date of the First Closing of the purchase and sale of the Takedown 1 Lots shall be the date that is the later of ten (10) days after the date that Final Approval of the Entitlements is obtained. Such date of Closing is herein referred to as the "**Takedown 1 Closing Date**." The date of the Second Closing of the purchase and sale of the Takedown 2 Lots shall be the date that is twelve (12) months after the date that the First Closing occurs or such other date to which Seller and Purchaser may mutually agree. Such date of Closing is herein referred to as the "**Takedown 2 Closing Date**." The date of the Third Closing of the purchase and sale of the Takedown 3 Lots shall be the date that is twelve (12) months after the date that the Second Closing occurs or such other date as Seller and Purchaser may mutually agree. Such date of Closing is herein referred to as the "**Takedown 3 Closing Date**." The term "**Closing Date**" may be used to refer to each of the Takedown 1 Closing Date, the Takedown 2 Closing Date and the Takedown 3 Closing Date. If Purchaser desires to accelerate any of the Closing Dates, Purchaser may request that a Closing Date be accelerated, and if Seller is willing to do so in its sole and absolute discretion, the parties will work together to prepare a mutually acceptable amendment to this Contract to accommodate such request. Seller shall have the right to extend the Takedown 1 Closing Date for up to 60 days in order to satisfy Seller's Condition Precedent as provided in Section 6(a) of this Contract.

(c) Closing Place and Time. Each Closing shall be held at 11:00 a.m. on the applicable Closing Date at the offices of the Title Company or at such other time and place as Seller and Purchaser may mutually agree.

(d) Closing Procedures. Each purchase and sale transaction shall be consummated in accordance with the following procedures:

(i) All documents to be recorded and funds to be delivered hereunder shall be delivered to the Title Company to hold, deliver, record and disburse in accordance with closing instructions approved by Purchaser and Seller;

(ii) At each Closing, Seller shall deliver or cause to be delivered in accordance with the closing instructions the following:

(1) A special warranty deed conveying the applicable portion of the Property to be acquired at such Closing to Purchaser. The special warranty deed shall contain a reservation of easements, minerals, mineral rights and water and water rights, as well as other rights, as set forth on **Exhibit B**. The special warranty deed shall also be subject to non-delinquent general real property taxes for the year of such Closing and subsequent years, District assessments and the Permitted Exceptions.

(2) Payment (from the proceeds of such Closing or otherwise) sufficient to satisfy any encumbrance relating to the portion of the Property being acquired at such Closing, required to be paid by Seller at or before the time of Closing.

(3) A tax certificate or other evidence sufficient to enable the Title Company to ensure the payment of all general real property taxes and installments of District assessments then due and payable for the portion of the Property being acquired at such Closing.

(4) An affidavit, in a form sufficient to comply with applicable laws, stating that Seller is not a foreign person or a foreign corporation subject to the Foreign Investment in Real Property Tax Act, and therefore not subject to its withholding requirements.

(5) A certification or affidavit to comply with the reporting and withholding requirements for sales of Colorado properties by non-residents (Colorado Department of Revenue Form DR-1083).

(6) A Lien affidavit.

(7) A partial assignment of declarant rights or builder rights under the Master Covenants, assigning only the following declarant rights (to the extent such rights are not automatically granted to Purchaser as a "builder" by the terms of the Master Covenants) from Seller to Purchaser: to maintain sales offices, construction offices, management offices, model homes and signs advertising the Development and/or Lots, and such other rights to which the parties may mutually agree.

(8) The Tap Purchase Agreement (as defined herein).

(9) A general assignment to Purchaser in the form attached hereto as **Exhibit E** ("**General Assignment**") with respect to the applicable Lots.

(10) An Owner's Affidavit.

(11) The Lot Development Agreement and the Joint Improvements Memorandum executed by Seller.

(12) The Offsite Infrastructure Escrow Agreement executed by Seller.

(13) Such other documents as may be required to be executed by Seller pursuant to this Contract or the closing instructions.

(iii) At each Closing, Purchaser shall deliver or cause to be delivered in accordance with the closing instructions the following:

(1) The Purchase Price payable at such Closing, computed in accordance with Section 2 above, for the Lots being acquired at such Closing, such payment to be made in Good Funds.

(2) The Tap Purchase Agreement.

(3) The Lot Development Agreement and the Joint Improvements Memorandum executed by Purchaser.

(4) The Offsite Infrastructure Escrow Agreement executed by Purchaser.

(5) All other documents required to be executed by Purchaser pursuant to the terms of this Contract or the closing instructions.

(6) Payment of any amounts due pursuant to Section 16 hereof.

(iv) At each Closing, Purchaser and Seller shall each deliver an executed settlement statement, which shall set forth all prorations, disbursements of the Purchase Price and expenses applicable to such Closing;

(v) The following adjustments and prorations shall be made between Purchaser and Seller as of each Closing:

(1) Real property taxes and installments of District assessments, if any, for the applicable portion of the Property for the year in which the Closing occurs shall be prorated based upon the most recent known rates, mill levy and assessed valuations; and such proration shall be final.

(2) Seller shall pay real property taxes and District assessments for years prior to the year in which the Closing occurs.

(3) Purchaser shall pay any and all recording costs and documentary fees required for the recording of the deed.

(4) Seller shall pay the base premium for the Title Policy and for any endorsement Seller agrees to provide to cure a Title Objection, and Purchaser shall pay the premium for any other endorsements requested by Purchaser in accordance with Section 4 above, including an extended coverage endorsement.

(5) Each party shall pay one-half (1/2) of any closing or escrow charges of the Title Company.

(6) All other costs and expenses not specifically provided for in this Contract shall be allocated between Purchaser and Seller in accordance with the customary practice of commercial real estate transactions in Arapahoe County, Colorado.

(vi) Possession of the applicable portion of the Property being acquired at each Closing shall be delivered to Purchaser at such Closing, subject to the Permitted Exceptions.

9. Seller's Delivery of Title. At each Closing, Seller shall convey title to the applicable portion of the Property, together with the following items, to the extent that they have been approved, or are deemed to have been approved by Purchaser pursuant to the terms of this Contract (collectively, the "**Permitted Exceptions**"):

(a) all easements, agreements, covenants, restrictions, rights-of-way and other matters of record that affect title to the Property as disclosed by the Master Commitment or any Takedown Commitment, or otherwise, to the extent that such matters are approved or deemed approved by Purchaser in accordance with Section 4 above or otherwise approved by Purchaser (unless otherwise identified herein as an obligation, fee or encumbrance to be assumed by Purchaser or which is otherwise identified herein as a Purchaser obligation which survives such Closing, the foregoing items, however, shall not include any mortgages, deeds of trust, mechanic's liens or judgment liens arising by, through or under Seller, which monetary liens Seller shall cause to be released or fully insured over by the Title Company, to the extent they affect any portion of the Property, on or prior to the date that such portion of the Property is conveyed to Purchaser);

(b) the Entitlements, including without limitation, the Final Plat applicable to the Property being acquired at such Closing and all easements and other terms, agreements, provisions, conditions and obligations as shown thereon;

(c) the Master Covenants;

(d) the inclusion of the Property into the Sky Ranch Metropolitan District No. 5 (the "**District**") and such other special improvement districts or metropolitan districts as may be disclosed by the Master Commitment or any Takedown Commitment delivered to Purchaser pursuant to this Contract;

(e) A Public Improvement Fee Covenant with respect to construction and installation of eligible public improvements on the Property, which imposes a public improvement fee equal to a percentage (the "**PIF Percentage**") of all sales that occur on the Property that is one percentage point less than the total sales tax imposed on taxable sales occurring in that portion of the City of Aurora, Colorado located within the boundaries of the County and the PIF Percentage of the cost of building materials (the "**Public Improvement Fee**" or "**PIF**"). The PIF will be collected by (i) all sellers or providers of goods or services who engage in any PIF sales transactions within those portions of the Development subject to the PIF Covenant from the purchaser or recipient of such goods or services and (ii) by all homebuilders, and then will be paid over to the PIF collection agent. The PIF collection agent will receive and remit the Public Improvement Fee to the Seller or District. PIF sales shall not include the sale of residential improvements or any goods incident to the sale of residential improvements.

(f) A reservation of water and mineral rights as set forth on **Exhibit B** hereof;

(g) applicable zoning and governmental regulations and ordinances;

(h) title exceptions, encumbrances, or other matters arising by, through or under Purchaser;

(i) items apparent upon an inspection of the Property or shown or that would be shown on an accurate and current survey of the Property; and

(j) any Permissible New Exception and any other document required or permitted to be recorded against the Property in the County Records pursuant to the terms of this Contract.

10. Due Diligence Period; Acceptance of Property; Release and Disclaimer.

(a) Feasibility Review. Within five (5) business days following the Effective Date, Seller shall deliver or make available (via electronic file share if available in electronic form, otherwise at Seller's office) to Purchaser the following listed items to the extent in Seller's actual possession; if an item listed below is not in Seller's possession and not delivered or made available to Purchaser, but is otherwise readily available to Seller, then Purchaser may make written request to Seller to provide such item, and Seller will use its reasonable efforts to obtain and deliver or make such item available to Purchaser, but Seller will have no obligation otherwise to obtain any item not in Seller's possession: (i) any environmental reports, soil reports and certifications pertaining to the Lots, (ii) a copy of any subdivision plat for the Property, (iii) engineering and construction plans pertaining to the Lots, (iv) biological, grading, drainage, hydrology and other engineering reports and plans and engineering and constructions plans for offsite improvements that are required to obtain building permits/certificates of occupancies for single-family detached residences constructed on the Lots; (v) any PUD, Development Agreement, Site Development Plans and other approvals pertaining to the Lots particularly and the Development generally; (vi) any Special District Service Plans; (vii) any existing ALTA or other boundary Survey of the Property; and (viii) copies of any subdivision bonds or guarantees applicable to the Lots (collectively, the "**Seller Documents**"). Purchaser shall have a period expiring sixty (60) calendar days following the Effective Date of this Contract within which to review the same (the "**Due Diligence Period**"). During the Due Diligence Period, Purchaser shall have an opportunity to review and inspect the Property, all Seller Documents and any and all factors deemed relevant by Purchaser to its proposed development and the feasibility of Purchaser's intended uses of the Property in Purchaser's sole and absolute discretion (the "**Feasibility Review**"). The Feasibility Review shall be deemed to have been completed to Purchaser's satisfaction only if Purchaser gives written notice to Seller of its election to continue this Contract ("**Continuation Notice**") prior to the expiration of the Due Diligence Period. If Purchaser fails to timely give a Continuation Notice or if Purchaser gives a notice of its election to terminate, this Contract shall automatically terminate, the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property and any information otherwise obtained by Purchaser, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 24 below. Seller will reasonably cooperate with Purchaser, at Purchaser's cost and at no cost and with no liability to Seller, (i) to assist Purchaser in obtaining an updated or recertification of any of the Seller Documents, (ii) to assist Purchaser in obtaining reliance letters from any of the preparers of the Documents, and (iii) to assist Purchaser in obtaining any consents that may be required so that Purchaser may receive the benefits after Closing of any agreements comprising the Seller Documents that confer a benefit and are reasonably necessary for the Purchaser's proper and efficient development of the Property for residential use, to the extent such are obtainable by Purchaser.

(b) Approval of Property. If Purchaser gives a Continuation Notice on or before the expiration of the Due Diligence Period, except as otherwise provided in this Section 10, Purchaser shall be deemed to have approved the Property, the Development and the feasibility of Purchaser's intended uses of the Lots (subject to the terms and conditions of Section 5 and Section 6 hereof). Such approval shall be deemed to include, but shall not be limited to, Purchaser's approval of the following as to the Property:

(i) The ability of applicable utility companies to provide utility services to the Property, including the quality, sizing and cost of such services;

(ii) The soil and environmental conditions of the Property;

(iii) All Seller Documents delivered to Purchaser pursuant to this Contract;

(iv) All of the Permitted Exceptions;

(v) The financial condition and other factors relevant to the operation of the District;

(vi) Any property owners' association to be established pursuant to the terms of the Master Covenants; and

(vii) Fitness for Purchaser's intended use, accessibility of roads, and the condition and suitability for improvement and sale of the Lots, subject to Seller's obligations under this Contract.

(c) Radon. Purchaser acknowledges that radon gas and naturally occurring radioactive materials ("**NORM**") each naturally occurs in many locations in Colorado. The Colorado Department of Public Health and Environment and the United States Environmental Protection Agency (the "**EPA**") have detected elevated levels of naturally occurring radon gas in residential structures in many areas of Colorado, including the County and all of the other counties along the front range of Colorado. The EPA has raised concerns with respect to adverse effects on human health from long-term exposure to high levels of radon and recommends that radon levels be tested in all Residences. Purchaser acknowledges that Seller neither claims nor possesses any special expertise in the measurement or reduction of radon or NORM. Purchaser further acknowledges that Seller has not undertaken any evaluation of the presence or risks of radon or NORM with respect to the Property nor has it made any representation or given any other advice to Purchaser as to acceptable levels or possible health hazards of radon and NORM. SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRESENCE OR ABSENCE OF RADON, NORM OR OTHER ENVIRONMENTAL POLLUTANTS WITHIN THE PROPERTY OR THE RESIDENCES TO BE CONSTRUCTED ON THE LOTS OR THE SOILS BENEATH OR ADJACENT TO THE PROPERTY OR THE RESIDENCES TO BE CONSTRUCTED ON THE LOTS PRIOR TO, ON OR AFTER THE CLOSING DATE. Purchaser, on behalf of itself and its successors and assigns, hereby releases the Seller from any and all liability and claims with respect to radon gas. Every home sales contract entered in to by Purchaser with respect to subsequent sales of Lots shall include any disclosures with respect to radon as required by applicable Colorado law.

(d) Soils. Purchaser acknowledges that soils within the State of Colorado consist of both expansive soils and low-density soils, and certain areas contain potential heaving bedrock associated with expansive, steeply dipping bedrock, which will adversely affect the integrity of a dwelling unit constructed on a Lot if the dwelling unit and the Lot on which it is constructed are not properly maintained. Expansive soils contain clay mineral, which have the characteristic of changing volume with the addition or subtraction of moisture, thereby resulting in swelling and/or shrinking soils. The addition of moisture to low-density soils causes a realignment of soil grains, thereby resulting in consolidation and/or collapse of the soils. Purchaser agrees that it shall obtain a current geotechnical report for the Property and an individual lot soils report for each Lot containing design recommendations from a licensed geotechnical engineer for all structures to be placed upon the Lot. Purchaser shall require all homes to have engineered footing and foundations consistent with results of the individual lot soils report for each Lot and shall take reasonable action as shall be necessary to ensure that the homes to be constructed upon the Lots shall be done in accordance with proper design and construction techniques. Purchaser shall also provide a copy of the geotechnical report for the Property and the individual lot soils report for each Lot to Seller within seven (7) days after Seller's request for the same, and agrees in the event that this Contract terminates for any reason Purchaser shall use reasonable efforts to assign, without liability or recourse to Purchaser, at Seller's request, the geotechnical report for the Property and the individual lot soils report for each Lot to any subsequent homebuilder who enters into a purchase and sale agreement with Seller to purchase all of a portion of the Lots. SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRESENCE OR ABSENCE OF EXPANSIVE SOILS, LOW-DENSITY SOILS OR DIPPING BEDROCK UPON THE PROPERTY AND PURCHASER SHALL UNDERTAKE SUCH INVESTIGATION AS SHALL BE REASONABLE AND PRUDENT TO DETERMINE THE EXISTENCE OF THE SAME. Purchaser shall provide all disclosures required by C.R.S. Section 6-6.5-101 in every home sales contract entered in to by Purchaser with respect to subsequent sales of a Lot to a homebuyer. Purchaser, on behalf of itself and its successors and assigns, hereby releases the Seller from any and all liability and claims with respect to expansive and low-density soils and dipping bedrock located within the Property.

(e) Over Excavation. The Finished Lot Improvements required for each Lot do not include any "over excavation" or comparable preparation or mitigation of the soil (the "**Overex**") on the Property and Purchaser shall have sole responsibility at Purchaser's sole expense with respect to the Overex and shall have the right (pursuant to a license agreement to be provided by Seller) to enter such Lots for the purposes of performing the Overex; provided, however, that such entry shall be performed in a manner that does not materially interfere with or result in a material delay or an increase in the costs or any expenses in the construction of the Finish Lot Improvements, and provided further that Purchaser shall promptly repair any portion of the Lots and adjacent property that is materially damaged by Purchaser or its agents, designees, employees, contractors, or subcontractors in performing the Overex. Purchaser shall obtain, at its cost, a current geotechnical report for the Property and an individual lot soils report for each Lot containing design recommendations from a licensed geotechnical engineer for all structures to be placed upon the Lot ("**Purchaser's Geotechnical Reports**") shall not rely upon any geotechnical or soils report furnished by Seller, and Seller shall have no responsibility or liability with respect to the Overex, Purchaser's Geotechnical Reports or any matters related thereto. The parties shall reasonably cooperate in coordinating Purchaser's completion of the Overex so that the Overex can be properly sequenced with Seller's completion of the Finished Lot Improvements. In no event shall the Seller be liable to Purchaser for any delay or costs or damages incurred by Purchaser with respect to such Overex, even if caused by any delay in installation of Finished Lot Improvements sequenced ahead of the Overex. THE PARTIES ACKNOWLEDGE AND AGREE THAT SELLER IS NOT PERFORMING ANY OVER-EXCAVATION OF THE LOTS AND THAT SELLER SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO OR ARISING OUT OF ANY OVER-EXCAVATION OF THE LOTS OR EXPANSIVE SOILS PRESENT ON THE LOTS AND SELLER EXPRESSLY DISCLAIMS ANY LIABILITY WITH RESPECT TO ANY OVER-EXCAVATION OF THE LOTS AND EXPANSIVE SOILS PRESENT ON THE LOTS. PURCHASER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS SELLER AND ITS SHAREHOLDERS, EMPLOYEES, DIRECTORS, OFFICERS, AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS FOR, FROM AND AGAINST ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES (EXCLUSIVE OF SPECIAL, CONSEQUENTIAL, PUNITIVE, SPECULATIVE OR LOST PROFITS DAMAGES), COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO COURT COSTS AND REASONABLE ATTORNEYS' FEES, ARISING OUT OF ANY EXPANSIVE SOILS, OVER-EXCAVATION OR OTHER SOIL MITIGATION OR PURCHASER'S ELECTION NOT TO PERFORM SOILS MITIGATION, ON OR PERTAINING TO PURCHASER'S LOTS. THE PROVISIONS OF THIS SECTION SHALL EXPRESSLY SURVIVE THE EXPIRATION OR TERMINATION OF THIS CONTRACT.

(f) No Reliance on Documents. Except as expressly stated in this Contract and/or expressly set forth in the documents executed by Seller at Closing, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information (including, without limitation, the Seller Documents) delivered by Seller or its brokers or agents to Purchaser in connection with the transaction contemplated hereby. Except as otherwise provided in this Contract and/or expressly set forth in the documents executed by Seller at Closing, all materials, data and information delivered by Seller to Purchaser in connection with the transaction contemplated hereby are provided to Purchaser as a convenience only and any reliance on or use of such materials, data or information by Purchaser shall be at the sole risk of Purchaser, except as otherwise expressly stated herein. The Seller Parties shall not be liable to Purchaser for any inaccuracy in or omission from any such reports. Purchaser hereby represents to Seller that, to the extent Purchaser deems the same to be necessary or advisable for its purposes, and without waiving the right to rely upon the covenants, agreements, representations and warranties expressly contained in this Agreement and/or expressly set forth in the documents executed by Seller at Closing: (i) Purchaser has performed or will perform an independent inspection and investigation of the Lots and has also investigated or will investigate the operative or proposed governmental laws, ordinances and regulations to which the Lots may be subject, and (ii) Purchaser shall acquire the Lots solely upon the basis of its own or its experts' independent inspection and investigation, including, without limitation, (a) the quality, nature, habitability, merchantability, use, operation, value, fitness for a particular purpose, marketability, adequacy or physical condition of the Lots or any aspect or portion thereof, including, without limitation, appurtenances, access, landscaping, parking facilities, electrical, plumbing, sewage, and utility systems, facilities and appliances, soils, geology and groundwater, (b) the dimensions or sizes of the Lots, (c) the development or income potential, or rights of or relating to, the Lots, (d) the zoning or other legal status of the Lots or any other public or private restrictions on the use of the Lots, (e) the compliance of the Lots with any and all applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions, (f) the ability of Purchaser to obtain any necessary governmental permits for Purchaser's intended use or development of the Lots, (g) the presence or absence of Hazardous Materials on, in, under, above or about the Lots or any adjoining or neighboring property, (h) the condition of title to the Lots, or (i) the economics of, or the income and expenses, revenue or expense projections or other financial matters, relating to the Lots, except as provided in any express representations/warranties and/or covenants contained in this Contract.

(g) As Is. Except for Seller's Representations (as defined in Section 11 hereof) and Seller's performance of its obligations under this Contract, Purchaser acknowledges and agrees that it is purchasing the Property based on its own inspection and examination thereof, and Seller shall sell and convey to Purchaser and Purchaser shall accept the property on an "AS IS, WHERE IS, WITH ALL FAULTS, LIABILITIES, AND DEFECTS, LATENT OR OTHERWISE, KNOWN OR UNKNOWN" basis in an "AS IS" physical condition and in an "AS IS" state of repair (subject to the Finished Lot Improvements obligation set forth in Section (iv) hereof). Except as expressly contained in this Contract, the special warranty deed to be delivered at each Closing and Seller's Representations, to the extent not prohibited by law the Purchaser hereby waives, and Seller disclaims all warranties of any type or kind whatsoever with respect to the Property, whether express or implied, direct or indirect, oral or written, including, by way of description, but not limitation, those of habitability, fitness for a particular purpose, and use. Without limiting the generality of the foregoing, Purchaser expressly acknowledges that, except as otherwise provided in this Contract, the Seller's Representations, the special warranty deed to be delivered at each Closing, Seller makes no representations or warranties concerning, and hereby expressly disclaims any representations or warranties concerning the following: (i) The value, nature, quality or condition of the Property; (ii) Any restrictions related to development of the Property; (iii) The applicability of any governmental requirements; (iv) The suitability of the Property for any purpose whatsoever; (v) The presence in, on, under or about the Property of any Hazardous Material or any other condition of the Property which is actionable under any Environmental Law (as such terms are defined in this Section 10; (vi) Compliance of the Property or any operation thereon with the laws, rules, regulations or ordinances of any applicable governmental body; or (vii) The presence or absence of, or the potential adverse health, economic or other effects arising from, any magnetic, electrical or electromagnetic fields or other conditions caused by or emanating from any power lines, telephone lines, cables or other facilities, or any related devices or appurtenances, upon or in the vicinity of the Property.

EXCEPT FOR REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS CONTRACT OR OTHERWISE PROVIDED IN THIS CONTRACT AND/OR EXPRESSLY SET FORTH IN THE CLOSING DOCUMENTS, SELLER SHALL NOT BE LIABLE TO PURCHASER FOR ANY CONSTRUCTION DEFECT, ERRORS, OMISSIONS, OR ON ACCOUNT OF SOILS CONDITIONS OR ANY OTHER CONDITION AFFECTING THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THOSE MATTERS DESCRIBED ABOVE AND PURCHASER AND ANYONE CLAIMING BY, THROUGH OR UNDER PURCHASER, HEREBY FULLY RELEASES SELLER, ITS PARTNERS, EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEYS AND AGENTS (BUT NOT INCLUDING ANY THIRD PARTY PROFESSIONAL SERVICE PROVIDERS [E.G., ENGINEERS, ETC.], CONTRACTORS OR SIMILAR FIRMS OR PERSONS) FROM ANY AND ALL CLAIMS AGAINST ANY OF THEM FOR ANY COST, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION (INCLUDING, WITHOUT LIMITATION, ANY RIGHTS OF CONTRIBUTION) ARISING FROM OR RELATED TO ANY CONSTRUCTION DEFECTS, ERRORS, OMISSIONS, OR OTHER CONDITIONS AFFECTING THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THOSE MATTERS DESCRIBED ABOVE AND INCLUDING ANY ALLEGED NEGLIGENCE OF SELLER.

As used herein, "**Hazardous Materials**" shall mean, collectively, any chemical, material, substance or waste which is or hereafter becomes defined or included in the definitions of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutant" or "contaminant," or words of similar import, under any Environmental Law, and any other chemical, material, substance, or waste, exposure to, disposal of, or the release of which is now or hereafter prohibited, limited or regulated by any governmental or regulatory authority or otherwise poses an unacceptable risk to human health or the environment.

As used herein, "**Environmental Laws**" shall mean all applicable local, state and federal environmental rules, regulations, statutes, laws and orders, as amended from time to time, including, but not limited to, all such rules, regulations, statutes, laws and orders regarding the storage, use and disposal of Hazardous Materials and regarding releases or threatened releases of Hazardous Materials to the environment.

(h) Release. Purchaser agrees that, subject to the Seller's Representations, Seller shall not be responsible or liable to Purchaser for any defects, errors or omissions, or on account of geotechnical or soils conditions or on account of any other conditions affecting the Property, because Purchaser is purchasing the Property AS IS, WHERE-IS, and WITH ALL FAULTS. Purchaser, or anyone claiming by, through or under Purchaser, hereby fully releases Seller, Seller's affiliates, divisions and subsidiaries and their respective managers, members, partners, officers, directors, shareholders, affiliates, representatives and employees (the "**Seller Parties**" and each as a "**Seller Party**") from, and irrevocably waives its right to maintain, any and all claims and causes of action that it or they may now have or hereafter acquire against the Seller Parties for any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to any defects, errors, omissions or other conditions affecting the Property, except to the extent that such loss or other liability results from a breach of the Seller's Representations. Purchaser hereby waives any Environmental Claim (as defined in this Section) which it now has or in the future may have against Seller, provided however, such waiver shall not apply to activities to be performed by the Seller in accordance with the applicable Lot Development Agreement. The foregoing release and waiver shall be given full force and effect according to each of its express terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. The foregoing release and waiver shall not apply to any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to (i) fraud or other intentional misconduct of any Seller Party, or (ii) any claims against contractors or subcontractors for construction defects in the Finished Lot Improvements.

As used herein, "**Environmental Claim**" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation, whether written or oral, by any person, organization or agency alleging potential liability, including without limitation, potential liability for enforcement, investigatory costs, cleanup costs, governmental response costs, removal costs, remedial costs, natural resources damages, property damages, including diminution of the market value of the Property or any part thereof, personal injuries or penalties arising out of, based on or resulting from the presence or release into the environment of any Hazardous Materials at any location, or resulting from circumstances forming the basis of any violation or alleged violation of any Environmental Laws, and any and all claims by any person, organization or agency seeking damages, contribution, indemnification, costs, recovery, compensation or injunctive relief resulting from the presence or release of any Hazardous Materials.

(i) Indemnification. Purchaser shall indemnify, defend (with counsel reasonably selected by Purchaser with Seller approval) and hold harmless the Seller Parties of, from and against any and all claims, demands, liabilities, losses, expenses, damages, costs and reasonable attorneys' fees that any of the Seller Parties may at any time incur by reason of or arising out of: (i) any work performed in connection with or arising out of Purchaser's activities, or Purchaser's acts or omissions with respect to any Overex work, (ii) Purchaser's failure to perform its work on the Property in accordance with applicable laws, and (iii) either personal injuries or property damage occurring after the Closing by reason of or arising out of the geologic, soils or groundwater conditions on the Property acquired by Purchaser, (iv) Purchaser's or its successor's development, construction, use, ownership, management, marketing or sale activities associated with the Lots (including, without limitation, land development, grading, excavation, trenching, soils compaction and construction on the Lots performed by or on behalf of Purchaser (including, but not limited to, by all subcontractors and consultants engaged by Purchaser); (v) the soils, subsurface geologic, groundwater conditions or the movement of any home constructed on the Lots after a Closing; (vi) the design, engineering, structural integrity or construction of any homes constructed on the Lots after a Closing; or (vii) any claim asserted by Purchaser's homebuyers or their successors in interest. The foregoing indemnity obligation of Purchaser includes acts and omissions of Purchaser and all agents, consultants and other parties acting for or on behalf of Purchaser ("**Purchaser Parties**"). Notwithstanding the foregoing, Purchaser is not required by this indemnification provision to indemnify the Seller against (i) Seller's failure to perform its obligations under this Contract or under any of the Closing documents, (ii) Seller's breach of an express warranty or representation set forth in this Contract or in any of the Closing Documents, or (iii) claims arising directly from the decisions of Seller acting in its capacity as declarant under the Declaration; and further provided that Purchaser is not required to indemnify consultants, contractors and subcontractors who contract with Seller and who perform services or supply labor, materials, equipment, and other work relating to geotechnical or soils conditions on the Lots that is necessary for the Lots to satisfy the requirements set forth herein.

(j) The provisions of this Section 10 shall survive each Closing and the delivery of each respective deed to the Purchaser.

11. Seller's Representations. Seller hereby represents and warrants to Purchaser as follows (the following Subsections (a) through (j) collectively referred to herein as "**Seller's Representations**"):

(a) Organization. Seller is a corporation duly organized and validly existing under the laws of the State of Colorado.

(b) Litigation. To Seller's Actual Knowledge (as defined in this Section 11), there is no pending or threatened litigation which could materially adversely affect the Property.

(c) Bankruptcy. There are no attachments, levies, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy, or any other debtor relief actions contemplated by Seller or filed by Seller, or to Seller's knowledge, pending in any current judicial or administrative proceeding against Seller.

(d) Non-Foreign Person. Seller is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and applicable regulations.

(e) Condemnation. Seller has received no written notice of any pending or threatened condemnation or eminent domain proceedings which may affect the Property or any part thereof.

(f) Execution and Delivery. The execution, delivery and performance of this Contract by Seller does not and will not result in a breach of, or constitute a default under, any indenture, loan or credit agreement, mortgage, deed of trust or other agreement to which Seller is a party. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms hereof and thereof.

(g) Default. To Seller's Actual Knowledge, Seller has not defaulted under any covenant, restriction or contract affecting the Property, nor has Seller caused by its act or omission an event to occur which would with the passage of time constitute a breach or default under such covenant, restriction or contract.

(h) Violation of Law. To Seller's Actual Knowledge, Seller has not received any written notice of non-compliance, addressed to Seller, from a regulatory agency that has jurisdiction over the Property with respect to any federal, state or local laws, codes, ordinances or regulations relating to the Property.

(i) Rights. Seller has not granted to any party, other than Purchaser hereunder, any option, contract, right of refusal or other agreement with respect to a purchase or sale of the Property. To Seller's actual knowledge, there are no leases, occupancy agreements, easements, licenses or other agreements which grant third-parties any possessory or usage rights to all or any part of the Property, except as disclosed in the Master Commitment, and Takedown Commitment or the Seller Documents.

(j) Environmental. To Seller's Actual Knowledge, neither Seller nor any third party has used Hazardous Materials on, from, or affecting the Property in any manner which violates federal, state, or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production, or disposal of Hazardous Material, except as may be disclosed in the Seller Documents.

For purposes of the foregoing, the phrase "**Seller's Actual Knowledge**" shall mean the current, actual, personal knowledge of Mark Harding as President of Seller, without any duty of investigation or inquiry and without imputation of any other person's knowledge. The fact that reference is made to the personal knowledge of the above identified individual shall not render such individual personally liable for any breach of any of the foregoing representations and warranties; rather, Purchaser's sole recourse in the event of any such breach shall be against Seller, and Purchaser hereby waives any claim or cause of action against the above identified individual arising from Seller's Representations. Seller and Purchaser shall notify the other in writing immediately if any Seller's Representation becomes untrue or misleading in light of information obtained by Seller or Purchaser after the Effective Date. In the event that Purchaser elects to close and Purchaser has actual knowledge (meaning the current, actual, personal knowledge of Tom Hennessy, without any duty of investigation or inquiry and without imputation of any other person's knowledge) that any of Seller's Representations are untrue or misleading, or of a breach of any of Seller' Representations prior to the Closing, without the duty of further inquiry, Purchaser shall be deemed to have waived any right of recovery with respect to the matter actually known by Purchaser, and Seller shall not have any liability in connection therewith.

Seller's Representations shall survive each respective Closing for a period of six (6) months, except that any claim for which legal action is filed within such time period shall survive until resolution of such action, and except to the extent of any matter that is waived by Purchaser pursuant to the previous paragraph (and any such matter waived pursuant to the previous paragraph shall not survive Closing).

Seller makes no promises, representations or warranties regarding the construction, installation or operation of any amenities within the Development, including without limitation, club houses, swimming pools and sports courts. To the extent that any development plans, site plans, rendering, drawings, marketing information or other materials related to the Development include, depict or imply the inclusion of any amenities in the Development, they are included only to illustrate possible amenities for the Development that may or may not be built and Purchaser shall not rely upon any such materials regarding the construction, installation or operation of any amenities within the Development.

12. Purchaser's Obligations. Purchaser shall have the following obligations, each of which shall survive each respective Closing and, where noted, termination of this Contract. Notwithstanding any contrary provision set forth in this Contract, Seller shall have the right to enforce said obligations by means of any legal or equitable proceedings including, but not limited to, suit for actual damages and equitable relief:

(a) Master Covenants. Purchaser shall comply with all obligations applicable to Purchaser under the Master Covenants.

(b) Compliance with Laws. With respect to Purchaser's entry onto the Property and following each Closing, Purchaser shall comply with and abide by all laws, ordinances, statutes, covenants, rules and regulations, building codes, permits, association documents and other recorded instruments (as they are from time to time amended, supplemented or changed) which regulate any activities relating to Purchaser's use, ownership, construction, sale or investigation of any Lot or any improvements thereon.

(c) Entry Prior to Closing. From and after the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, and so long as no default by Purchaser exists under this Contract, Purchaser and its agents, employees and representatives shall be entitled to enter upon the Property for purposes of conducting soil and other engineering tests and to inspect and survey any of the Property. If the Property is altered or disturbed in any manner in connection with any of Purchaser's activities, Purchaser shall immediately return the Property to substantially the condition existing prior to such activities. Purchaser shall promptly refill holes dug and otherwise to repair any damage to the Property as a result of its activities. Purchaser and its agents shall not have the right to conduct any invasive testing (e.g., borings, drilling, soil/water sampling, etc.), except standard geotech preliminary investigation, on the Lots, including, without limitation, any so-called "Phase II" environmental testing, without first obtaining Seller's written consent (and providing Seller at least seventy-two (72) hours' prior written notice), which consent may be withheld by Seller in its reasonable discretion and shall be subject to any terms and conditions imposed by Seller in its reasonable discretion. In the event that Purchaser fails to obtain Seller's written consent prior to any invasive testing, in addition to and without limiting any other obligations Purchaser may have under this Section, Purchaser shall be fully responsible and liable for all costs of remediation with respect to any materials disturbed in any manner that requires remediation or that are removed in connection with such invasive testing and including, but not limited to, costs for disposal of materials removed during any invasive testing. Purchaser shall not permit any lien to attach to the Property or any portion of the Property as a result of the activities. Purchaser shall indemnify, defend and hold Seller, its officers, directors, shareholders, employees, agents and representatives harmless from and against any and all mechanics' and materialmen's liens, claims (including, without limitation, personal injury, death and property damage claims), damages, losses, obligations, liabilities, costs and expenses including, without limitation, reasonable attorneys' fees incurred by Seller, its officers, directors, shareholders, employees, agents and representatives or their property arising out of any breach of the provisions of this Section 12(c) by Purchaser, its agents, employees or representatives. The foregoing indemnity obligation of Purchaser includes acts and omissions of Purchaser and all agents, consultants and other parties acting for or on behalf of Purchaser. Purchaser shall maintain in effect during its inspection of the Property commercial general liability coverage for bodily injury and property damage in the amount of at least $2,000,000.00 combined single limit, and automobile liability coverage for bodily injury and property damage in the amount of at least $2,000,000.00 combined single limit, and the policy or policies of insurance shall be issued by a reputable insurance company or companies which are qualified to do business in the State of Colorado and shall name Seller as an additional insured. In addition, before entering upon the Property, Purchaser shall provide Seller with valid certificates indicating such insurance is in effect. The foregoing indemnity shall not apply to claims due to (i) Hazardous Materials or conditions that are not placed on the Property or caused by Purchaser or its agents, (ii) pre-existing matters, (iii) or Seller's actions or inactions. The indemnity and agreement set forth in this Section 12(c) shall survive the expiration or termination of this Contract for any reason.

(d) Architectural Approval. In order to assure that homes constructed by Purchaser are compatible with the other residential construction in the Development and the architectural, design, and landscaping criteria and guidelines included in the approved Final Development Plan applicable to the Property (the "**FDP Criteria**") and are otherwise acceptable to Seller, all construction and landscaping on the Lots shall be subject to the prior review and approval of Seller. The Master Covenants will provide for the formation of an architectural review committee ("**Architectural Review Committee**") and for the promulgation and adoption of design guidelines ("**Design Guidelines**") to be applied by the Architectural Review Committee. The Master Covenants and/or the Design Guidelines will provide for an exemption from obtaining Architectural Review Committee approval for the Seller and any other person whose House Plans (as hereinafter defined) has been reviewed and approved by the Seller.

(i) Purchaser shall submit to Seller the Purchaser's elevations, floor plans, typical landscape plans, exterior color palettes for homes and other buildings, structures and improvements to be located on the Lots ("**House Plans**") within 20 days following delivery of the Final Development Plan to Purchaser. Seller will review the House Plans and Seller shall deliver notice to Purchaser of the Seller's approval or disapproval of the House Plans within ten (10) business days after receipt of the House Plans, with such approval not to be unreasonably withheld, conditioned or delayed, so long as such plans substantially comply and are generally consistent and compatible with the FDP Criteria. If Seller fails to so notify Purchaser of approval or disapproval within such 10-business day period, the Purchaser shall provide Seller with written notice of the same and Seller shall notify Purchaser within five (5) business days of its approval or disapproval. If Seller fails to approve or disapprove within such 5-business day period, the House Plans shall be deemed approved and/or an appropriate exemption shall be given to Purchaser. In the event of disapproval, Purchaser shall revise and resubmit the House Plans to the Seller for reconsideration, addressing the matters disapproved by the Seller, and the procedure set forth above shall be repeated until the House Plans are approved by the Seller. After Seller approves the Purchaser's House Plans, and before Purchaser commences construction of Homes on the Lots, Purchaser shall submit to Seller any material changes in the approved House Plans. Seller shall review the material changes for general consistency and compatibility with the standards and criteria set forth in the FDP Criteria and if Seller approves such changes, Seller shall notify Purchaser within ten (10) business days of its approval, not to be unreasonably withheld, conditioned or delayed.

(ii) Purchaser shall obtain Seller approval of House Plans before commencing construction on a Lot. Purchaser shall perform all construction, development and landscaping in accordance with the approved House Plans and in conformity with the FDP Criteria and all other requirements, rules, regulations of any local jurisdictional authority. Purchaser and Seller acknowledge that the County will not conduct architectural review nor issue approval of Purchaser's house plans, but rather requires the building permit applicant to comply with the FDP Criteria. Seller's approval of Purchaser's House Plans is only intended as a review for compatibility with other residential construction in the Development and the FDP Criteria and does not constitute a representation or warranty that Purchaser's House Plans comply with FDP Criteria and Purchaser shall be responsible for confirming such compliance.

(e) Disclosures to Homebuyers. Purchaser shall include in each contract for the sale of any Home constructed by Purchaser in the Development all disclosures required by applicable laws, including, but not limited to the Special District Disclosure, Common Interest Community Disclosure, Mineral Disclosure and Source of Potable Water Disclosure, and any other disclosure that applicable laws require to be made to each homebuyer regarding expansive/low-density soils, radon and other matters ("**Homebuyer Disclosures**"). Purchaser shall furnish to Seller upon request a copy of Purchaser's disclosures to homebuyers which includes the Homebuyer Disclosures.

13. Force Majeure. A delay in or failure to perform any obligations required of Seller or Purchaser under this Contract shall not constitute a default to the extent such delay or failure is caused by Force Majeure and all times for performance shall be extended by the number of days of Force Majeure. "**Force Majeure**" shall be limited to acts of God, war, terrorism, fire, flood, earthquake, hurricane, weather conditions, strike, delay or unavailability of labor or materials, delay or unavailability of utilities, delays in obtaining governmental approvals to the extent not caused by the party seeking approval, moratoria, injunctions, orders or directives of any court or governmental body, or other actions of third parties (but not including financial inability) which, despite the exercise of reasonable diligence, the party required to perform is unable to prevent, avoid or remove. Force Majeure does not apply to the failure of a party to make a payment when due and payable under the terms of this Contract.

14. Cooperation. Purchaser shall reasonably cooperate with and require its agents, employees, subcontractors and other representatives to cooperate with all other parties involved in construction within the Development, including, where applicable, the granting of a nonexclusive license to enter upon the Property conveyed to Purchaser. Purchaser shall execute any and all documentation reasonably required by Seller or the Authorities to effectuate any desired modification or change in connection with Seller's activities in the Development including, without limitation, amendments or restatements of the Master Covenants, or any Final Plat; provided, however, Purchaser shall not be obligated to execute any such documentation if it will materially adversely affect the fair market value of the Property or Purchaser's ability to construct or to sell its proposed homes within the Property, or if it will materially increase the cost of such construction, interfere with or delay such construction.

15. Fees. Subject to the provisions of Sections 16 and 17 below:

(a) FHA/VA. Seller shall not be required to obtain any approvals pursuant to FHA, VA or other governmental programs relating to the Lots or the financing of improvements thereon.

(b) Utility Company Refunds. Any refunds from utility providers relating to construction deposits for the Property shall be the exclusive property of Seller. Purchaser shall cooperate with Seller in turning over any such funds and directing those funds to Seller.

16. Water and Sewer Taps; Fees; and District Matters.

(a) Rangeview Metropolitan District. The water and sewer service provider for the Lots is the Rangeview Metropolitan District ("**Rangeview**") and Purchaser shall be required to purchase water and sewer taps for the Lots from Rangeview. During the Due Diligence Period, Purchaser shall negotiate in good faith to reach agreement with Rangeview on terms and provisions of a Tap Purchase Agreement (the "**Tap Purchase Agreement**") in which Rangeview agrees to sell to Purchaser, and Purchaser agrees to purchase from Rangeview, a water and sewer tap for each Lot in accordance with an agreed-upon purchase schedule, but in no event later than the issuance of a building permit for a Lot. If Rangeview and Purchaser agree upon a Tap Purchase Agreement before the expiration of the Due Diligence Period, they shall prepare and execute an amendment to this Contract to set forth and attach to this Contract the agreed-upon Tap Purchase Agreement and execute the Tap Purchase Agreement on or before the date of the First Closing. If Rangeview and Purchaser are unable to agree on a Tap Purchase Agreement before the expiration of the Due Diligence Period, the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 24 below. The combined cost to purchase a water tap and sewer will be dependent on Lot size, house square footage, number of floors, driveway lanes, outdoor irrigated square footage, and xeriscape square footage. For example, based on Rangeview's rates and charges as of the Effective Date, a 5,500 square foot lot with a 2,400 square foot house 2 story 2 car garage with 1,500 square feet of grass would have a computed water/sewer tap fee of $25,500.

(b) Sky Ranch Metropolitan District No. 1. The Property is included within the boundaries of the Sky Ranch Metropolitan District No. 1 ("**District**"). The Property is included within the boundaries of the District and the service area of Rangeview. Persons affiliated with Seller have been elected or appointed to the board of directors ("**Board**") of the District and Rangeview and serve in that capacity. Purchaser shall not qualify any persons affiliated with Purchaser as its representative to serve on the Board of the District or Rangeview and this prohibition shall survive the Closing and delivery of deeds hereunder until no person affiliated with Seller serves on the Board. The District has been formed for purposes that include, but are not limited to financing, owning, maintaining and/or managing certain tracts and infrastructure improvements ("**District Improvements**") to serve the Development, including the Lots. Purchaser acknowledges that: (i) the construction of District Improvements shall be without compensation or reimbursement to Purchaser; and (ii) any reimbursements, credits, payments, or other amounts payable by the District or Rangeview on account of the construction of District Improvements or any other matters related thereto ("**Metro District Payments**") shall remain the property of the Seller and shall not be conveyed to or otherwise be claimed by Purchaser. Upon request of Seller, the District or Rangeview, Purchaser will execute any and all documents that may be reasonably required to confirm Purchaser's waiver of any right to Metro District Payments. The provisions of this Section are material in determining the Purchase Price, and the Purchase Price would have been higher but for the provisions of this Section. This Section shall survive Closing.

(c) Fees.

(i) Seller shall pay any and all of the following to the extent imposed by any Authority in connection with the Property conveyed to Purchaser: (i) any parks and recreation fees (including park dedication requirements and/or cash-in-lieu payments related to the Property as part of the platting thereof); (ii) drainage fees; (iii) fees for payment-in-lieu of school land dedications

(ii) Following Closing, Purchaser shall pay all costs and expenses for all water meter fees, sewer fees, connection fees, facility fees or assessments, PIF fees, building and other permit costs, and any other costs or fees that may be imposed by any Authority relating to the construction, use or occupancy of the homes to be constructed on the Lots. Without limiting the foregoing, and except for the fees to be paid by Seller pursuant to Section 16(c)(i) above, Purchaser shall pay any and all of the following to the extent imposed in connection with the Property conveyed to Purchaser: (i) system development fees; (iii) any infrastructure (facility) fee, including, without limitation, any transportation/road fee, which may be imposed either by the County, the District or other Authority; (iv) any impact fees and payment-in-lieu of land dedication fees imposed for roads or other facilities that are payable at issuance of a building permit for a home constructed on a Lot; and (v) any excise fees.

(iii) As of the Effective Date, the District does not levy a system development fee ("**SDF**") against property within the District. If the District at any time before a Closing adopts a SDF, then at the Closing the Purchaser shall pay the District's SDF applicable to the Lots acquired at such Closing. In order to offset Purchaser's payment of the District's SDF for a Lot at a Closing, Purchaser shall receive a credit against the Purchase Price paid by Purchaser for such Lot at such Closing equal to the amount of the District's SDF paid by Purchaser for the Lot. [***RANGEVIEW'S TAP FEES ARE CALLED SYSTEM DEVELOPMENT FEES***]

(iv) The covenants set forth in this Section 16 shall survive each respective Closing and shall represent a continuing obligation until the complete satisfaction or payment thereof.

17. Reimbursements and Credits. Purchaser shall have no right to any reimbursements and/or cost-sharing agreements pursuant to any agreements entered into between Seller or any of Seller's affiliates and third parties which may or may not affect the Property. In addition, Purchaser acknowledges that Seller, its affiliates or one (1) or more metropolitan district(s) have installed or may install certain infrastructure improvements ("**Infrastructure Improvements**") and/or donate, dedicate and/or convey certain rights, improvements and/or real property ("**Dedications**") to the County or other Authority which benefit all or any part of the Property, together with adjacent properties, and which entitle Seller or its affiliates and/or the Property or any part thereof to certain reimbursements by the County or other Authority or credits by the County or other Authority for park fees, open space fees, school impact fees, capital expansion fees and other governmental fees which would otherwise be required to be paid to the County or other governmental or quasi-governmental entity by the owner of the Property or any part thereof from time to time ("**Governmental Fees**"). In the event Purchaser is entitled to a credit or waiver of Governmental Fees by the County and/or other governmental or quasi-governmental entity as a result of the Infrastructure Improvements and/or Dedications, then, in such event, Purchaser shall pay to or reimburse Seller and/or its designated affiliates in an amount equal to such credited or waived Governmental Fees at the same time that the Governmental Fees would otherwise be payable by Purchaser or its assignees to the County or other Authority but for the construction of the Infrastructure Improvements and/or the Dedications by Seller, its affiliates and/or metropolitan district(s). In addition, Purchaser acknowledges that Seller or its affiliate(s) may have negotiated or may negotiate with the County or other Authority for reimbursements to Seller or its affiliates. Purchaser acknowledges that certain Governmental Fees which may be paid by Purchaser to the County or other Authority may be reimbursed to Seller and/or its affiliates pursuant to the terms of said agreement. The obligations and covenants set forth in this Section 17 shall survive the Closing of the purchase and sale of the Property and shall represent a continuing obligation of Purchaser until complete satisfaction thereof. Purchaser shall be released from the obligations in this Section 17 to the extent such obligations are assumed in writing by a subsequent owner of all or a portion of the Property and a copy of such written assumption is furnished to Seller. Each special warranty deed conveying the applicable portion of the Property at each Closing shall contain the foregoing reimbursement covenant, which reimbursement covenant shall expressly state that it automatically terminates as to any Lot upon issuance of a certificate of occupancy for a home constructed on the Lot and conveyance of the Lot to a homebuyer.

18. Name and Logo. The name and logo of "Sky Ranch" are wholly owned by Seller. Purchaser agrees that it shall not use or allow the use of the name "Sky Ranch" or any logo, symbol or other words or phrases which are names or trademarks used or registered by Seller or any of its affiliates in any manner to name, designate, advertise, sell or develop the Property or in connection with the operation or business located or to be located upon the Property without the prior written consent of Seller, which consent may be withheld for any reason. Any consent to the use of such names or logos may be conditioned upon Purchaser entering into a license agreement with Seller, as applicable, at no additional cost to Purchaser. Notwithstanding the foregoing, however, Purchaser shall have a non-exclusive, royalty-free license for so long as Purchaser is building and selling homes in the Development, without the need for any further consent or approval by Seller, to use the name and logo of "Sky Ranch" in connection with the use, marketing, sales, development and operation of the Property, provided that Purchaser shall comply with any requirements uniformly applicable to all homebuilders in Sky Ranch that Seller promulgates with respect to such usage.

19. Renderings. All renderings, plans or drawings of the Property or the Development locating landscaping, trees and any improvements are artists' conceptions only and may not accurately reflect their actual location. Purchaser waives any claims based upon any inaccuracy in the location of such items as depicted on the renderings, plans or drawings.

20. Communications Improvements. Seller may, but is not obligated to, enter into an agreement with a service provider for the development and installation of Communication Improvements in all or any portion of the Development. "**Communications Improvements**" means any equipment, property and facilities, if used or useful in connection with the delivery, deployment, provision or modification of (a) broadband Internet access service; (b) monitoring service, for the benefit of governmental entities, quasi-governmental entities, or utilities, regarding the usage of electricity, gas, water and other resources; (c) video programming or content, including Internet protocol television (a/k/a "IPTV") service; (d) voice over Internet protocol (a/k/a "VoIP") service; (e) telecommunications services, including voice; (f) any other service or services delivered by means of the Internet or otherwise delivered by means of digital signals; and (g) any other service or services based on technology that is similar to or is a technological extension of any of the foregoing ("Service"). Communications Improvements do not include any equipment, facilities or property located or in the home of a person who receives services from the service provider, such as, but not limited to routers, wireless access points, in-house wiring, set-top boxes, game consoles, gateways and other equipment under the control of the owner or occupant of the home. Seller may grant to such service provider one or more permanent, non-exclusive, perpetual, assignable and recordable easements (collectively referred to as the "**Easement**") to access and use the Property and other property within the Development, as necessary, appropriate or desirable, to lay, install, construct, reconstruct, modify, operate, maintain, repair, enhance, upgrade, regulate, remove, replace and otherwise use the Communications Improvements. So long as any such Easement does not materially interfere with Purchaser's ability to construct its intended single family homes on the Lots, Purchaser shall not object to and shall cooperate with Seller in connection with the installation and operation of the Communications Improvements.

21. Soil Hauling. Purchaser shall be responsible for relocating from the Property all surplus soil generated during Purchaser's construction of structures on the Property. At the option of Seller in its sole discretion, the surplus soil shall be transported at Purchaser's expense to a site designated by Seller within the Development, provided that Seller has designated and made such a site available to Purchaser at the time Purchaser is ready to transport surplus soils. If and to the extent that Seller establishes stock pile site within the Development, Seller may modify any such stock pile locations from time to time in Seller's discretion (but Purchaser shall not have any obligation to relocate any soil Purchaser previously delivered to the prior designated stock pile site). At Seller's request, Purchaser shall supply copies of any reports or field assessments identifying the material characteristics of the excess soil prior to accepting such soil for fill purposes. Notwithstanding the foregoing, in the event that Seller does not establish a stock pile site or elects not to accept any surplus soils from Purchaser, then Purchaser shall, at its sole expense, find a purchaser or taker or otherwise transport and dispose of such surplus soil upon such terms as it shall desire, but such surplus soil must still be removed from the Property and may not be stockpiled on the Property or within the Development after construction has been completed.

22. Specially Designated Nationals and Blocked Persons List Purchaser represents and warrants to Seller that Purchaser and all persons and entities owning (directly or indirectly) an ownership interest in Purchaser are currently in compliance with and shall at all times prior to the Closing of this transaction remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the United States Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto. Seller represents and warrants to Purchaser that Seller and all persons and entities owning (directly or indirectly) an ownership interest in Seller are currently in compliance with and shall at all times prior to the Closing of this transaction remain in compliance with the regulations of the OFAC (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

23. Assignment.

(a) Seller's Assignment. Seller may assign its rights and obligations in whole or in part under this Contract without the consent of Purchaser.

(b) Purchaser's Assignment. The obligations of the Purchaser under this Contract are personal in nature, and neither this Contract nor any rights, interests, or obligations of Purchaser under this Contract may be transferred or assigned without the prior written consent of Seller, except that Purchaser may assign its rights or obligations under this Agreement, without the prior written consent of Seller, to (i) any affiliate of Purchaser, or (ii) any third-party from which Purchaser has a contractual right to acquire the Lots pursuant to an option agreement or similar arrangement with such third-party, but Purchaser shall not be released from any obligations hereunder.

24. Survival. All covenants and agreements of either party which are intended to be performed in whole or in part after any Closing or termination of this Contract, and all representations, warranties and indemnities by either party to the other under this Contract shall survive such Closing or termination of this Contract and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that Seller's Representations pursuant to this Contract shall survive each respective Closing for a period of nine (9) months, and any action by Purchaser based on a breach of any of such Seller's Representations must be brought within such nine (9) month period.

25. Condemnation. If a condemnation action is filed or either party receives written notice from any competent condemning authority of intent to condemn which directly affects any Lot or Lots which Purchaser has a right to purchase, either party may at its sole discretion by written notice to the other party within ten (10) days following receipt of such condemnation notice terminate this Contract as to the Lots subject to the condemnation action and receive a refund of a prorata portion of the Deposit with respect to those Lots only, and the parties shall have no further rights or obligations with respect to those Lots. If the right to terminate is not exercised by either party, this Contract shall remain in full force and effect with respect to the Lot in question and upon exercise of the right to purchase the Lot, the Closing shall proceed in accordance with the terms of this Contract. Any condemnation award shall be paid to the party who is the owner of the affected Lot at the time the award is determined by the condemning authority.

26. Brokers. Each Party does hereby represent that it has not engaged any broker, finder, or real estate agent in connection with the transactions contemplated by this Contract. Each party agrees to and does hereby indemnify and hold the other harmless from any and all fees, brokerage and other commissions or costs (including reasonable attorneys' fees), liabilities, losses, damages or claims which may result from any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of either of them respectively in connection with the purchase of the Lots by Purchaser.

27. Default and Remedies. Time is of the essence hereof. If any amount received as a Deposit hereunder or any other payment due hereunder is not paid by Purchaser, honored or tendered when due and payable, or if each Closing is not consummated as required in accordance with Section 8 above, or if any other covenant, agreement, obligation or condition hereunder is not performed or waived as herein provided within five (5) days (or such longer period as required under this Contract) after the party failing to perform the same has received written notice of such failure, there shall be the following remedies:

(a) Purchaser's Default. If Purchaser is in default under this Contract, Seller may terminate this Contract, in which event the Deposit shall be forfeited and retained on behalf of Seller, and both parties shall, except as otherwise provided herein, thereafter be released from all obligations hereunder. It is agreed that, except as otherwise provided in this subpart (a) and in subparts (c) and (d) below and except with respect to the indemnification by Purchaser in Sections 10, 12 and 26 above, such payments and things of value are LIQUIDATED DAMAGES and are SELLER'S SOLE AND ONLY REMEDY for Purchaser's failure to perform the obligations of this Contract prior to the Closing. Except as otherwise provided in this Contract, Seller expressly waives the remedies of specific performance and additional damages with respect to a default by Purchaser. Notwithstanding the foregoing or any other contrary provision of this Contract, any and all provisions of this Contract pursuant to which Purchaser agrees to indemnify, hold harmless and defend Seller from and against any losses, costs, claims, causes of action or liabilities of any kind or nature, or pursuant to which Purchaser waives any rights or claims that it may have against Seller, shall survive any termination of this Contract, and shall be and remain fully enforceable against Purchaser in accordance with the terms of this Contract and applicable laws.

(b) Seller's Default. If Seller is in default under this Contract, Purchaser may elect AS ITS SOLE AND EXCLUSIVE REMEDY either: (i) to treat this Contract as canceled, in which case the Deposit shall be returned to Purchaser, and Purchaser shall have the right to recover, as damages, all out-of-pocket expenses incurred by it in negotiating this Contract and in inspecting, analyzing or otherwise performing its rights and obligations pursuant to this Contract, but in no event will the amount of such damages exceed Fifty Thousand Dollars ($50,000.00); or (ii) Purchaser may elect to treat this Contract as being in full force and effect and Purchaser shall have a right to specific performance, provided that any such action for specific performance must be commenced within sixty (60) days after the expiration of the applicable notice and cure period provided herein, and, in the event specific performance is not available, than Purchaser may pursue the remedy set forth in clause (i) above. Seller shall not be liable for and Purchaser shall not be entitled to recover exemplary, punitive, special, indirect, consequential, lost profits or any other damages (except for recovery of out-of-pocket expenses as set forth in clause (i) above).

(c) Indemnity. Notwithstanding any contrary provision of this Contract, any and all provisions of this Contract pursuant to which a party agrees to indemnify, hold harmless and defend the other party from and against any losses, costs, claims, causes of action or liabilities of any kind or nature, or pursuant to which a party waives any rights or claims that it may have against the other party, shall survive any termination of this Contract, and shall be and remain fully enforceable against a party in accordance with the terms of this Contract and applicable laws.

(d) Award of Costs and Fees. Anything to the contrary herein notwithstanding, in the event of any litigation arising out of this Contract related to an action for specific performance brought by either party as permitted in accordance with the terms of this Contract, the court shall award the substantially prevailing party all reasonable costs and expenses, including attorneys' fees, incurred by the substantially prevailing party in the litigation or other proceedings.

(e) Post-Closing Defaults. With respect to post-closing defaults, the parties agree that the non-defaulting party shall be entitled to exercise all remedies available at law or in equity, except that damages shall be limited to actual out-of-pocket costs and expenses incurred. The foregoing does not limit or control the remedies as are to be separately provided in the Lot Development Agreement.

28. General Provisions. The parties hereto further agree as follows:

(a) Time of the Essence. Time is of the essence under this Contract. In computing any period of time under this Contract, the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or federal legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday, or federal legal holiday.

(b) Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Colorado.

(c) Severability. Should any provisions of this Contract or the application thereof, to any extent, be held invalid or unenforceable, the remainder of this Contract and the application thereof, other than those provisions which shall have been held invalid or unenforceable, shall not be affected thereby and shall continue in full force and effect and shall be enforceable to the fullest extent permitted at law or in equity.

(d) Entire Contract. This Contract embodies the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral.

(e) Exhibits. All schedules, exhibits and addenda attached to this Contract and referred to herein shall for all purposes be deemed to be incorporated in this Contract by this reference and made a part hereof.

(f) Further Acts. Each of the parties hereto covenants and agrees with the other, upon reasonable request from the other, from time to time, to execute and deliver such additional documents and instruments and to take such other actions as may be reasonably necessary to give effect to the provisions of this Contract.

(g) Compliance. The performance by the parties of their respective obligations provided for in this Contract shall comply with all applicable laws and the rules and regulations of all governmental agencies, municipal, county, state and federal, having jurisdiction in the premises.

(h) Amendment. This Contract shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by a written agreement executed by both parties.

(i) Authority. Each of the parties hereto represents to the other that each such party has full power and authority to execute, deliver and perform this Contract, that the individuals executing this Contract on behalf of said party are fully empowered and authorized to do so, that this Contract constitutes a valid and legally binding obligation of such party enforceable against such party in accordance with its terms, that such execution, delivery and performance will not contravene any legal or contractual restriction binding upon such party or any of its assets and that there is no legal action, proceeding or investigation of any kind now pending or to the knowledge of each such party threatened against or affecting such party or affecting the execution, delivery or performance of this Contract. Each of the parties hereto represents to the other that each such party is a duly organized, legal entity and is validly existing in good standing under the laws of the jurisdiction of its formation.

(j) Notices. All notices, statements, demands, requirements, or other communications and documents (collectively, "**Communications**") required or permitted to be given, served, or delivered by or to either party or any intended recipient under this Contract shall be in writing and shall be deemed to have been duly given (i) on the date and at the time of delivery if delivered personally to the party to whom notice is given at the address specified below; or (ii) on the date and at the time of delivery or refusal of acceptance of delivery if delivered or attempted to be delivered by an overnight courier service to the party to whom notice is given at the address specified below; or (iii) on the date of delivery or attempted delivery shown on the return receipt if mailed to the party to whom notice is to be given by first-class mail, sent by registered or certified mail, return receipt requested, postage prepaid and properly addressed as specified below; or (iv) on the date and at the time shown on the facsimile or electronic mail message if telecopied or sent electronically to the number or address specified below:

To Seller: PCY Holdings, LLC
Attention: Mark Harding
34501 E. Quincy Ave.
Bldg. 34, Box 10
Watkins, Colorado 80137
Telephone: (303) 292-3456
Facsimile: (303) 292-3475
E-mail: mharding@purecyclewater.com

with a copy to:
Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attention: Rick Rubin, Esq.
Telephone: (303) 292-1200
Email: rrubin@foxrothschild.com

To Purchaser: Taylor Morrison of Colorado, Inc.
1420 West Canal Court, Suite 170
Littleton, Colorado 80120
Attention: Tom Hennessy, Division President
Telephone: (303) 325-2426
E-mail: thennessy@taylormorrison.com

With copy to Phillip Cross at same address
E-mail: pcross@taylormorrison.com

with a copy to: Brier, Irish, Hubbard & Erhart P.L.C.
2400 East Arizona Biltmore Circle, Suite 1300
Phoenix, AZ 85016
Attn: Jeff Hubbard
Telephone: (602) 522-0160
Facsimile: (602) 522-3945
E-mail: jhubbard@bihlaw.com

With copy to Tony Meier at same address
E-mail: tmeier@bihlaw.com

If to Title Company:

Land Title Guarantee Company
Attn: Tom Blake
3033 E. 1st Ave. #600
Denver, Colorado 80206
Fax#: (303) 393-4959
Direct: (303) 331-6237
Email: tblake@ltgc.com

(k) Place of Business. This Contract arises out of the transaction of business in the State of Colorado by the parties hereto.

(l) Counterparts; Facsimile Signature. This Contract may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one (1) and the same instrument, and either of the parties hereto may execute this Contract by signing any such counterpart. This Contract may be executed and delivered by facsimile or by electronic mail in portable document format (.pdf) or similar means and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other party.

(m) Captions; Interpretation. The section captions and headings used in this Contract are inserted herein for convenience of reference only and shall not be deemed to define, limit or construe the provisions hereof. Purchaser and Seller acknowledge that each is a sophisticated builder or developer, as applicable, and that each has had an opportunity to review, comment upon and negotiate the provisions of this Contract, and thus the provisions of this Contract shall not be construed more favorably or strictly for or against either party. Purchaser and Seller each acknowledges having been advised, and having had the opportunity, to consult legal counsel in connection with this Contract and the transactions contemplated by this Contract.

(n) Number and Gender. When necessary for proper construction hereof, the singular of any word used herein shall include the plural, the plural shall include the singular and the use of any gender shall be applicable to all genders.

(o) Waiver. Any one (1) or more waivers of any covenant or condition by a party hereto shall not be construed as a waiver of a subsequent breach of the same covenant or condition nor a consent to or approval of any act requiring consent to or approval of any subsequent similar act.

(p) Binding Effect. Subject to the restrictions on assignment contained herein, this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(q) Recordation. Purchaser shall not cause or allow this Contract or any memorandum or other evidence thereof to be recorded in the County Records or become a public record without Seller's prior written consent, which consent may be withheld at Seller's sole discretion. If Purchaser records this Contract, then Purchaser shall be in default of its obligations under this Contract.

(r) No Beneficiaries. No third parties are intended to benefit by the covenants, agreements, representations, warranties or any other terms or conditions of this Contract.

(s) Relationship of Parties. Purchaser and Seller acknowledge and agree that the relationship established between the parties pursuant to this Contract is only that of a seller and a purchaser of single-family lots. Neither Purchaser nor Seller is, nor shall either hold itself out to be, the agent, employee, joint venturer or partner of the other party.

(t) Interstate Land Sales Full Disclosure Act and Colorado Subdivision Developers Act Exemptions It is acknowledged and agreed by the parties that the sale of the Property will be exempt from the provisions of the federal Interstate Land Sales Full Disclosure Act under the exemption applicable to sale or lease of property to any person who acquires such property for the purpose of engaging in the business of constructing residential, commercial or industrial buildings or for the purpose of resale of such property to persons engaged in such business. Purchaser hereby represents and warrants to Seller that it is acquiring the Property for such purposes. It is further acknowledged by the parties that the sale of the Property will be exempt under the provisions of the Colorado Subdivision Developers Act under the exemption applicable to transfers between developers. Purchaser represents and warrants to Seller that Purchaser is acquiring the Property for the purpose of participating as the owner of the Property in the development, promotion and sale of the Property and portions thereof.

(u) Special Taxing District Disclosure. In accordance with the provisions of C.R.S. §38-35.7-101(1), Seller provides the following disclosure to Purchaser: **SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.**

(v) Common Interest Community Disclosure. In accordance with the provisions of C.R.S. §38-35.7-102(1), Seller provides the following disclosure to Purchaser: **IF SELLER ELECTS TO FORM A HOMEOWNERS ASSOCIATION UNDER THE MASTER COVENANTS FOR THE DEVELOPMENT, THENTHE PROPERTY IS, OR WILL BE PRIOR TO EACH RESPECTIVE CLOSING, LOCATED WITHIN A COMMON INTEREST COMMUNITY AND IS, OR WILL BE PRIOR TO SUCH CLOSING, SUBJECT TO THE DECLARATION FOR SUCH COMMUNITY. THE OWNER OF THE PROPERTY WILL BE REQUIRED TO BE A MEMBER OF THE OWNER'S ASSOCIATION FOR THE COMMUNITY AND WILL BE SUBJECT TO THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS WILL IMPOSE FINANCIAL OBLIGATIONS UPON THE OWNER OF THE PROPERTY, INCLUDING AN OBLIGATION TO PAY ASSESSMENTS OF THE ASSOCIATION. IF THE OWNER DOES NOT PAY THESE ASSESSMENTS, THE ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO PAY THE DEBT. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS OF THE COMMUNITY MAY PROHIBIT THE OWNER FROM MAKING CHANGES TO THE PROPERTY WITHOUT AN ARCHITECTURAL REVIEW BY THE ASSOCIATION (OR A COMMITTEE OF THE ASSOCIATION) AND THE APPROVAL OF THE ASSOCIATION. PURCHASERS OF PROPERTY WITHIN THE COMMON INTEREST COMMUNITY SHOULD INVESTIGATE THE FINANCIAL OBLIGATIONS OF MEMBERS OF THE ASSOCIATION. PURCHASERS SHOULD CAREFULLY READ THE DECLARATION FOR THE COMMUNITY AND THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION.**

(w) Source of Water Disclosure. In accordance with the provisions of C.R.S. §38-35.7-104, Seller provides the following disclosure to Purchaser:

THE SOURCE OF POTABLE WATER FOR THIS REAL ESTATE IS:

A WATER PROVIDER, WHICH CAN BE CONTACTED AS FOLLOWS:

NAME:	**Rangeview Metropolitan District**
ADDRESS:	**c/o Special District Management Services, Inc.** **141 Union Blvd., Suite 150** **Lakewood, Colorado 80228**
WEB SITE:	**www.rangviewmetro.org**
TELEPHONE:	**303-987-0835**

SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND WATER. YOU MAY WISH TO CONTACT YOUR PROVIDER TO DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.

(x) STORM WATER POLLUTION PREVENTION PLAN**.** Seller has previously filed a Notice of Intent ("**NOI**") and/or prepared a Stormwater Pollution Prevention Plan ("**SWPPP**") to satisfy its stormwater obligations arising from its work on the Property. Seller covenants that prior to each Closing Date and until Closing of the Lots, Seller and/or its contractor shall comply with the SWPPP with respect to all of the Lots owned by Seller, and shall comply with all local, state and federal environmental obligations (including stormwater) associated with the development of the Lots. Seller shall indemnify and hold Purchaser harmless from all claims and causes of action arising from breach of the foregoing covenants of Seller to the extent there is an uncured notice of violation issued with respect to any Lot prior to conveyance of the Lot to Purchaser. From and after conveyance of Lots, and until such time as such Lots are subject to Purchaser's SWPPP (as hereafter defined), Purchaser shall be solely responsible for complying with the SWPPP, maintaining all required best management practices (**"BMPs**"), and conducting and documenting all required inspections. Purchaser shall also comply with all local state and federal environmental obligations (including stormwater) associated with its ownership or development of the Lots conveyed to Purchaser by Seller. Such obligations include, without limitation, (i) complying with the SWPPP or the Purchaser's SWPPP, as applicable, (ii) maintaining all required BMPs, and (iii) conducting and documenting all required inspections. Purchaser covenants and Seller acknowledges that, with respect to Lots acquired by Purchaser, Purchaser shall, within ten (10) days after conveyance of such Lots, at its sole cost and expense (subject to Seller's prior written approval) submit its own notice of intent for a new stormwater pollution prevention plan (the "**Purchaser's SWPPP**"). Subsequent to the applicable Closing Date, Purchaser shall comply with the Purchaser's SWPPP with respect to all of the Lots then owned by Purchaser, and shall comply with all local, state and federal environmental obligations (including stormwater) associated with its ownership or development of all such Lots. Purchaser shall indemnify and hold Seller harmless from all third party claims and causes of action solely arising from breach of the foregoing covenants of Purchaser.

(y) Oil, Gas, Water and Mineral Disclosure. THE SURFACE ESTATE OF THE PROPERTY MAY BE OWNED SEPARATELY FROM THE UNDERLYING MINERAL ESTATE, AND TRANSFER OF THE SURFACE ESTATE MAY NOT NECESSARILY INCLUDE TRANSFER OF THE MINERAL ESTATE OR WATER RIGHTS.

THIRD PARTIES MAY OWN OR LEASE INTERESTS IN OIL, GAS, OTHER MINERALS, GEOTHERMAL ENERGY OR WATER ON OR UNDER THE SURFACE OF THE PROPERTY, WHICH INTERESTS MAY GIVE THEM RIGHTS TO ENTER AND USE THE SURFACE OF THE PROPERTY TO ACCESS THE MINERAL ESTATE, OIL, GAS OR WATER.

SURFACE USE AGREEMENT. THE USE OF THE SURFACE ESTATE OF THE PROPERTY TO ACCESS THE OIL, GAS OR MINERALS MAY BE GOVERNED BY A SURFACE USE AGREEMENT, A MEMORANDUM OR OTHER NOTICE OF WHICH MAY BE RECORDED WITH THE COUNTY CLERK AND RECORDER.

OIL AND GAS ACTIVITY. OIL AND GAS ACTIVITY THAT MAY OCCUR ON OR ADJACENT TO THE PROPERTY MAY INCLUDE, BUT IS NOT LIMITED TO, SURVEYING, DRILLING, WELL COMPLETION OPERATIONS, STORAGE, OIL AND GAS, OR PRODUCTION FACILITIES, PRODUCING WELLS, REWORKING OF CURRENT WELLS, AND GAS GATHERING AND PROCESSING FACILITIES.

ADDITIONAL INFORMATION. PURCHASER IS ENCOURAGED TO SEEK ADDITIONAL INFORMATION REGARDING OIL AND GAS ACTIVITY ON OR ADJACENT TO THE PROPERTY, INCLUDING DRILLING PERMIT APPLICATIONS. THIS INFORMATION MAY BE AVAILABLE FROM THE COLORADO OIL AND GAS CONSERVATION COMMISSION.

(z) Property Tax Disclosure Summary. PURCHASER SHOULD NOT RELY ON SELLER'S CURRENT PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT PURCHASER MAY BE OBLIGATED TO PAY IN THE YEAR SUBSEQUENT TO PURCHASE. A CHANGE IN OWNERSHIP OR PROPERTY IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN HIGHER PROPERTY TAXES. IF PURCHASER HAS ANY QUESTIONS CONCERNING VALUATION, CONTACT THE COUNTY PROPERTY APPRAISER'S OFFICE FOR INFORMATION.

(aa) Waiver of Jury Trial TO THE EXTENT PERMITTED BY LAW, THE PARTIES HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THE PROVISIONS OF THIS CONTRACT.

(bb) Confidentiality. Purchaser and Seller agree that, prior to each respective Closing, and thereafter if such Closing does not occur, all information relating to the Property that is the subject of such Closing, any reports, studies, data and summaries developed by Purchaser, and any information relating to the business of either party (together, the "**Confidential Information**") shall be kept confidential as provided in this section. Without the prior written consent of the other party, prior to the applicable Closing, the Confidential Information shall not be disclosed by Purchaser, Seller or their Representatives (as hereinafter defined) in any manner whatsoever, in whole or in part, except (1) to their Representatives who need to know the Confidential Information for the purpose of evaluating the Property and who are informed by Seller or Purchaser as applicable of the confidential nature thereof; (2) as may be necessary for Seller, Purchaser or their Representatives to comply with applicable laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements (including, without limitation, any applicable reporting requirements for publically traded companies); to comply with other requirements and requests of regulatory and supervisory authorities and self-regulatory organizations having jurisdiction over Seller, Purchaser or their Representatives; to comply with regulatory or judicial processes; or to satisfy reporting procedures and inquiries of credit rating agencies in accordance with customary practices of Seller, Purchaser or their affiliates; and (3) to lenders and investors for the transaction. As used herein, "**Representatives**" shall mean: Seller's and Purchaser's managers, members, directors, officers, employees, affiliates, investors, brokers, agents or other representatives, including, without limitation, attorneys, accountants, contractors, consultants, engineers, lenders, investors and financial advisors. Seller, at its election, may issue an oral or written press release or public disclosure of the existence or the terms of this Contract without the consent of the Purchaser. "**Confidential Information**" shall not be deemed to include any information or document which (I) is or becomes generally available to the public other than as a result of a disclosure by Seller, Purchaser or their Representatives in violation of this Contract, (II) becomes available from a source other than Seller, Purchaser or any affiliates of Seller or Purchaser or their agents or Representatives, or (III) is developed by Seller or Purchaser or their Representatives without reliance upon and independently of otherwise Confidential Information. In addition to any other remedies available to a party for breach of this Section, the non-breaching party shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against the breaching party or its Representatives, in order to enforce the provisions of this section. The provisions of this section shall survive the termination of this Contract, or the applicable Closing, for one (1) year.

(cc) Survival. Obligations to be performed subsequent to a Closing shall survive each Closing.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Contract effective as of the day and year first above written.

SELLER:

PYC HOLDINGS, LLC
a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: June 23, 2017

PURCHASER:

TAYLOR MORRISON OF COLORADO, INC. a Colorado corporation

By: /s/ Phillip R. Cross
Name: Phillip R. Cross
Title: Vice President
Date: June 27, 2017

By: /s/ G. Thomas Hennessy
Name: G. Thomas Hennessy
Title: President
Date: June 27, 2017

LIST OF EXHIBITS

EXHIBIT A:	CONCEPTUAL DEVELOPMENT PLAN AND LOTTING DIAGRAM
EXHIBIT B:	RESERVATIONS AND COVENANTS
EXHIBIT C:	FINISHED LOT IMPROVEMENTS
EXHIBIT D:	OFFSITE INFRASTRUCTURE IMPROVEMENTS
EXHIBIT E:	FORM OF GENERAL ASSIGNMENT
EXHIBIT F:	LOT DEVELOPMENT AGREEMENT
EXHIBIT G:	FORM OF LETTER OF CREDIT

EXHIBIT A

CONCEPTUAL DEVELOPMENT PLAN AND LOTTING DIAGRAM

EXHIBIT B

RESERVATIONS AND COVENANTS

Reservation of Easements. For a period of twenty-five (25) years following the date hereof, Grantor expressly reserves unto itself, its successors and assigns, easements for construction of utilities and other facilities to support the development of the properties commonly known as "Sky Ranch," including but not limited to sanitary sewer, water lines, electric, cable, broad-band and telephone transmission, storm drainage and construction access easements across the Property allowing Grantor or its assignees the right to install and maintain sanitary sewer, water lines, cable television, broad-band, electric, and telephone utilities on the Property and on its adjacent property, and further, to accommodate storm drainage from its adjacent property. Such easements shall not allow above-grade surface installation of facilities and shall require the restoration of any surface damage or disturbance caused by the exercise of such easements, shall not be located within the building envelope of any Lot or otherwise interfere with the use of a Lot for construction of Grantee's homes, shall not materially detract from the value, use or enjoyment of (i) the remaining portion of the Property on which such easements are to be located, or (ii) any adjoining property of Grantee, and shall not require any reduction in allowed density for the Property or reconfiguration of planned lots or the building envelope on a lot. If possible, such easements shall be located within the boundaries of existing easement areas. Grantor, at its sole expense, shall immediately restore the land and improvements thereon to their prior condition to the extent of any damage incurred due to Grantor's utilization of the easements herein reserved.

Reservation of Minerals and Mineral Rights. To the extent owned by Grantor, Grantor herein expressly excepts and reserves unto itself, its successors and assigns, all right, title and interest in and to all minerals and mineral rights, including bonuses, rents, royalties, royalty interests and other benefits that may be payable as a result of any oil, gas, gravel, minerals or mineral rights on, in, under or that may be produced from the Property, including, but not limited to, all gravel, sand, oil, gas and other liquid hydrocarbon substances, casinghead gas, coal, carbon dioxide, helium, geothermal resources, and all other naturally occurring elements, compounds and substances, whether similar or dissimilar, organic or inorganic, metallic or non-metallic, in whatever form and whether occurring, found, extracted or removed in solid, liquid or gaseous state, or in combination, association or solution with other mineral or non-mineral substances, provided that Grantor expressly waives all rights to use or damage the surface of the Property to exercise the rights reserved in this paragraph and, without limiting such waiver, Grantor's activities in extracting or otherwise dealing with the minerals and mineral rights shall not cause disturbance or subsidence of the surface of the Property or any improvements on the Property.

Reservation of Water and Water Rights. To the extent owned by Grantor, Grantor herein expressly excepts and reserves unto itself, its successors and assigns, all water and water rights, ditches and ditch rights, reservoirs and reservoir rights, streams and stream rights, water wells and well rights, whether tributary, non-tributary or not non-tributary, including, but not limited to, all right, title and interest under C.R.S. 37-90-137 on, underlying, appurtenant to or now or historically used on or in connection with the Property, whether appropriated, conditionally appropriated or unappropriated, and whether adjudicated or unadjudicated, including, without limitation, all State Engineer filings, well registration statements, well permits, decrees and pending water court applications, if any, and all water well equipment or other personalty or fixtures currently used for the supply, diversion, storage, treatment or distribution of water on or in connection with the Property, and all water and ditch stock relating thereto; provided that Grantor expressly waives all rights to use or damage the surface of the Property to exercise the rights reserved in this paragraph and, without limiting such waiver, Grantor's activities in dealing with the water and water rights herein reserved shall not cause disturbance or subsidence of the surface of the Property or any improvements on the Property.

Reimbursements and Credits. Grantee shall have no right to any reimbursements and/or cost-sharing agreements pursuant to any agreements entered into between Grantor or any of Grantor's affiliates and third parties which may or may not affect the Property. In addition, Grantee acknowledges that Grantor, its affiliates or one (1) or more metropolitan district(s) have installed or may install certain infrastructure improvements ("Infrastructure Improvements") and/or donate, dedicate and/or convey certain rights, improvements and/or real property ("Dedications") to Arapahoe County ("County") or other governmental authority ("Authority") which benefit all or any part of the Property, together with adjacent properties, and which entitle Grantor or its affiliates and/or the Property or any part thereof to certain reimbursements by the County or other Authority or credits by the County or other Authority for park fees, open space fees, school impact fees, capital expansion fees and other governmental fees which would otherwise be required to be paid to the County or other Authority by the owner of the Property or any part thereof from time to time ("Governmental Fees"). In the event Grantee is entitled to a credit or waiver of Governmental Fees by the County and/or other Authority as a result of the Infrastructure Improvements and/or Dedications, then, in such event, Grantee shall pay to or reimburse Grantor and/or its designated affiliates in an amount equal to such credited or waived Governmental Fees at the same time that the Governmental Fees would otherwise be payable by Grantee or its assignees to the County or other Authority but for the construction of the Infrastructure Improvements and/or the Dedications by Grantor, its affiliates and/or metropolitan district(s). In addition, Grantee acknowledges that Grantee or its affiliate(s) may have negotiated or may negotiate with the County or other Authority for reimbursements to Grantor or its affiliates. Grantee acknowledges that certain Governmental Fees which may be paid by Grantee to the County or other Authority may be reimbursed to Grantor and/or its affiliates pursuant to the terms of said agreement.

The obligations and covenants set forth herein shall be binding on Grantee, its successors and assigns, and any subsequent owners of the Property, except that homeowners shall have no obligation for any reimbursements provided herein. The obligation for reimbursements described herein shall automatically terminate (without the necessity of recording any document) with respect to any residential lot as of the date of conveyance of such residential lot, together with a residence constructed thereon, to a homebuyer. Any title insurance company may rely on the automatic termination language set forth above for the purpose of insuring title to a home.

EXHIBIT C

FINISHED LOT IMPROVEMENTS

1. "Finished Lot Improvements" means the following improvements on, to or with respect to the Lots or in public streets or tracts in the locations as required by all approving Authorities to obtain building permits for home improvements for the Lots, and substantially in accordance with the CDs:

(a) overlot grading together with corner pins for each Lot installed in place, graded to match the specified Lot drainage template within the CDs (but not any Overex);

(b) water and sanitary sewer mains and other required installations in connection therewith identified in the CDs, valve boxes and meter pits, substantially in accordance with the CDs approved by the approving Authorities, together with appropriate markers;

(c) storm sewer mains, inlets and other associated storm drainage improvements pertaining to the Lots in the public streets as shown on the CDs;

(d) curb, gutter, asphalt, sidewalks, street striping, street signage, traffic signs, traffic signals (if any are required by the approving Authorities), and other street improvements, in the private and/or public streets as shown on the CDs; Seller will either have applied a final lift of asphalt or in Seller's discretion posted sufficient financial guarantees as required by the County for the Lots to qualify for issuance of building permits in lieu of such final lift of asphalt;

(e) sanitary sewer service stubs if required by the Authorities, connected to the foregoing sanitary sewer mains, installed into each respective Lot (to a point beyond any utility easement), together with appropriate markers of the ends of such stubs, as shown on the CDs;

(f) water service stubs connected to the foregoing water mains installed into each Lot (to a point beyond any utility easement), together with appropriate markers of the ends of such stubs, as shown on the CDs;

(g) Lot fill in compliance with the geotechnical engineer's recommendation, and with respect to any filled area or compacted area, provide from a Colorado licensed professional soils engineer a HUD Data Sheet 79G Certification (or equivalent) and a certification that the compaction and moisture content recommendations of the soils engineer were followed and that the grading of the respective Lots complies with the approved grading plans, with overlot grading completed in conformance with the approving Authorities approved grading plans within a +/- 0.2' tolerance of the approved grading plans; however, the Finished Lot Improvements do not include any Overex as provided in Section 10(e) of this Contract;

(h) all storm water management facilities as shown in the CDs; and

2. Dry Utilities. Electricity, natural gas, and telephone service will be installed by local utility companies. The installations may not be completed at the time of a Closing, and are not part of the Finish Lot Improvements; provided, however, that: (i) with respect to electric distribution lines and street lights, Seller will have signed an agreement with the electric utility service provider and paid all costs and fees for the installation of electric distribution lines and facilities to serve the Lots, and all sleeves necessary for electric, gas, telephone and/or cable television service to the Lots will be installed; (ii) with respect to gas distribution lines, Seller will have signed an agreement with the gas utility service provider and paid all costs and fees for the installation of gas distribution lines and facilities to serve the Lots. Seller will take commercially reasonable efforts to assist Purchaser in coordinating with these utility companies to provide final electric, gas, telephone and cable television service to the residences on the Lots, however, Purchaser must activate such services through an end user contract. Purchaser acknowledges that in some cases the telephone and cable companies may not have pulled the main line through the conduit if no closings of residences have occurred. Notwithstanding the foregoing, if dry utilities have not been installed upon substantial completion of the Finished Lot Improvements, Seller shall be obligated to have contracted for same and paid all costs and fees payable for such installation. Unless Seller has contracted for such installation and paid such costs before the Effective Date, Seller will give Purchaser notice when such contracts have been entered and such costs paid. With respect to any Finished Lot Improvements that are required by the subdivision improvement agreement applicable to the Lots but which are not addressed as part of the Finished Lot Improvements, and any other improvements which are not required for the issuance of building permits but which are required by the Authorities so that dwellings and other improvements constructed by Purchaser on the Lots are eligible for the issuance of certificates of occupancy for homes, Seller shall complete such other improvements, to the extent required by the County, so as not to delay the issuance of certificates of occupancy for residences constructed by Purchaser on the Lots.

3. Offsite Infrastructure. The Finished Lot Improvements do not include (a) the Offsite Infrastructure, which is addressed separately in Section 5 of the Agreement, but it does include such other offsite improvements as are necessary to obtain certificates of occupancy for homes constructed on the Lots, provided that as aforesaid Seller shall only be obligated to complete such improvements within a timeframe so as not to delay issuance of such certificates of occupancy, or (b) common area landscaping which will be installed when required by the County or other applicable Authority so as not to delay the issuance of building permits or certificates of occupancy for residences constructed by Purchaser on the Lots, but (subject to the foregoing requirements of this section 3(b)) such landscaping will be installed with respect to each Takedown not later than 6 months after the issuance of the first certificate of occupancy in such Takedown. [***THIS SECTION PROVIDES A DEADLINE OF SIX (6) MONTHS AFTER THE FIRST C.O.***]

4. Tree Lawns/Sidewalks. Notwithstanding anything in this Contract to the contrary, Seller shall have no obligation to construct, install, maintain or pay for the maintenance, construction and installation of (i) any landscaping or irrigation for such landscaping behind the curb on any Lot that is to be maintained by the owner of such lot (collectively, "**Tree Lawns**"), but Seller shall be responsible for constructing and installing the detached sidewalks and ramps (collectively, "**Sidewalks**") that are located immediately adjacent to any Lot or on a tract as required by the approved CDs, County, or any other Authority and/or applicable laws as provided in this Contract. Purchaser shall be responsible for installing any other lead walks, pathways, and driveways and any other flatwork on the Lots. Purchaser shall install all Tree Lawns on or adjacent to the Lots in accordance with all applicable CDs, requirements, regulations, laws, development codes and building codes of all Authorities.

5. Warranty.

(a) Government Warranty Period**.** The Authorities require warranty periods (each a "**Government Warranty Period**") after the final completion that is applicable to those Finished Lots Improvements that are dedicated to or owned, and accepted for maintenance by the Authorities (the "**Public Improvements**"). In the event defects in the Public Improvements to which a governmental warranty (each a "**Governmental Warranty**") applies become apparent during the applicable Government Warranty Period, then Seller shall coordinate the repairs with the applicable Authorities and cause the service provider(s) who performed the work or supplied the materials in which the defect(s) appear to complete such repairs or, if such service providers fail to correct such defects, otherwise cause such defects to be repaired to the satisfaction of the Authorities. Any costs and expenses incurred pursuant to a Government Warranty in connection with any repairs or warranty work performed during the Government Warranty Period (including, but not limited to, any costs or expenses incurred to enforce any warranties against any service providers) shall be borne by Seller, unless such defect was caused by Purchaser or its contractors, subcontractors, employees, or agents, in which event Purchaser shall pay all such costs and expenses to the extent such defect was caused by Purchaser or its contractors, subcontractors, employees, or agents.

(b) Non-Government Warranty Period**.** Seller warrants ("**Non-Government Warranty**") to Purchaser that each Finished Lot Improvement, other than the Public Improvements, shall have been constructed in accordance with the CDs for one (1) year from the date of Final Completion of the Improvement (the "**Non-Government Warranty Period**"). If Purchaser delivers written notice to Seller of breach of the Non-Government Warranty during the Non-Government Warranty Period, then Seller shall coordinate the corrections with Purchaser and cause the service provider(s) who performed the work or supplied the materials in which the breach of Non-Government Warranty appears to complete such corrections or, if such service providers fail to make such corrections, otherwise cause such corrections to be made to the reasonable satisfaction of Purchaser. Any costs and expenses incurred in connection with a breach of the Non-Government Warranty shall be borne by Seller (including, but not limited to, any costs or expenses incurred to enforce any warranties against service providers), unless such breach was caused by Purchaser or its contractors, subcontractors, employees, or agents, in which event Purchaser shall pay all such costs and expenses to the extent the breach was caused by Purchaser or its contractors, subcontractors, employees, or agents.

(c) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 3, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO PURCHASER IN RELATION TO THE FINISHED LOT IMPROVEMENTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS ALL OF THE SAME AND SHALL HAVE NO OBLIGATION TO REPAIR OR CORRECT AND SHALL HAVE NO LIABILITY OR RESPONSIBILITY WITH RESPECT TO ANY DEFECT IN IMPROVEMENTS FOR WHICH NO CLAIM IS ASSERTED DURING THE APPLICABLE WARRANTY PERIOD.

EXHIBIT D

OFFSITE INFRASTRUCTURE IMPROVEMENTS

EXHIBIT E

FORM OF GENERAL ASSIGNMENT

GENERAL ASSIGNMENT

Reference is hereby made to that certain Purchase and Sale Agreement dated as of _____, 2017 (the "Agreement"), pursuant to which Pure Cycle Corporation, a Colorado corporation ("Seller"), has agreed to sell to Taylor Morrison of Colorado, Inc., a Colorado corporation ("Purchaser"), the Property as described in the Agreement.

For good and valuable consideration, the receipt of which is hereby acknowledged, Seller hereby assigns and transfers to Purchaser on a non-exclusive basis, Seller's right, title and interest in the following as the same relate solely to the Property, and to the extent the same are assignable: (i) all subdivision agreements, development agreements, and entitlements; (ii) all plats, construction plans and specifications; (iii) all construction warranties; and (iv) all development rights benefiting the Property.

SELLER:

Pure Cycle Corporation,
a Colorado corporation

By:
Name: _____
Title: _____
Date:

EXHIBIT F

LOT DEVELOPMENT AGREEMENT
Sky Ranch
(Taylor Morrison)

THIS LOT DEVELOPMENT AGREEMENT (this "**LDA**") is made as of the ___ day of _____, 20____ (the "**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Developer**"), and TAYLOR MORRISON OF COLORADO, INC., a Colorado corporation ("**Builder**,"). Developer and Builder are sometimes individually referred to as a "**Party**" and collectively referred to as the "**Parties**."

RECITALS

A. Developer, owns certain real property located in Arapahoe County (the "**County**"), Colorado which Developer is developing as part of the Sky Ranch master planned residential community ("**Development**"). The preliminary concept map for Phase A of the Development ("**Concept Plan**") is depicted on **Exhibit A** attached hereto (the "**Property**"). The Development is being subdivided in several subdivision filings and developed in phases. The Builder Lots in each phase are generally depicted on the Concept Plan.

B. Concurrently with the execution of this LDA, pursuant to the terms of a separate Contract for Purchase and Sale of Real Estate by and between Developer, as seller, and Builder, as purchaser, as amended (the "**Contract**"), Builder is acquiring from Developer a portion of the Property consisting of approximately 81 single family residential building lots, and will be acquiring an additional 80 lots within the Property (collectively, the "**Builder Lots**") pursuant to the Contract at a closing that will occur subsequent to the execution of this LDA. The number and location of the Builder Lots to be acquired by Builder under the terms of the Contract, the number and location of the Takedown 1 Lots and the Takedown 2 Lots and the development phasing for the Builder Lots consisting of four phases are generally depicted on the Concept Plan attached as **Exhibit A**.

C. Pursuant to the Contract, Developer has agreed to construct or cause to be constructed the Improvements, as hereinafter defined. The "**Improvements**" are those infrastructure improvements described in the plans and specifications identified in **Exhibit B** attached hereto as Developer causes such plans to be finalized and approved by the applicable Approving Authorities ("**Plans**"). At such time as the Plan have been so approved, **Exhibit B** will be replaced by a new list of the final approved Plans by amendment to this Agreement ("**Revised Exhibit B**"). The Improvements do not include any Offsite Infrastructure Improvements that are being funded pursuant to the Offsite Infrastructure Escrow Agreement, as defined in the Contract.

D. As required by the terms of the Contract, Builder has agreed (i) to pay the Initial Purchase Price (as defined in the Contracts) for the Builder Lots that the Builder acquires at a Closing; and (ii) pay that portion of the Purchase Price for the Builder Lots defined as the Deferred Purchase Price (as defined in the Contract) in accordance with the terms and provisions of this LDA as the Improvements are completed and as more particularly set forth herein.

E. The Parties now desire to enter into this LDA in order to set forth the terms and conditions under which the Improvements will be constructed by Developer and provide for the payment of the Improvements, together with such other matters as are set forth hereinafter.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Builder agree as follows:

1. Incorporation of Recitals; Definitions. The Parties hereby acknowledge and agree to the Recitals set forth above, which are incorporated herein by this reference. Unless otherwise defined herein, all capitalized terms used in this LDA and not defined in this LDA shall have the same meaning as set forth in the Contract.

2. Definitions. Unless otherwise defined herein, all capitalized terms used in this LDA and not defined in this LDA shall have the same meaning as set forth in the Contract.

3. Responsibilities of Developer and Builder.

(a) Generally. Developer shall construct, or cause to be constructed, the Improvements in the manner set forth hereinafter. Developer shall coordinate, administer and oversee (a) the preparation and filing of all applications, filings, submittals, plans and specifications, budgets, timetables and other documents pertaining to construction and installation of the Improvements and (b) the construction and installation of the Improvements. Developer will engage or cause to be engaged consultants, contractors and subcontractors who will be responsible for the construction of the Improvements and suppliers who will be responsible for supplying labor, materials, equipment, services and other work in connection with the construction of the Improvements ("**Service Provider(s)**"), pursuant to the Construction Contracts (as hereinafter defined).

(b) Comply with Legal Requirements. Developer will comply with all terms and conditions of applicable law in performing their obligations under this LDA. Developer will provide to each Builder copies of all notices filed by the Developer with the County, and all other applicable governmental or quasi-governmental entities or agencies (the "**Approving Authorities**") related to the Improvements and shall, within five (5) business days of receipt thereof, provide notice to each Builder (together with copies of all notices received by Developer) of any notice received by Developer alleging any failure to comply with any applicable laws, ordinances, rules, regulations, or lawful orders of public authorities bearing on the construction of the Improvements.

(c) Bonds and Assurances. Developer, as part of the Costs, shall provide to all applicable Approving Authorities any bonds, assurance agreements, or other financial assurances required with respect to the construction of the Improvements. Developer shall, as part of the Costs, provide to all Approving Authorities all warranties, bonds and other financial assurances required to obtain permits for, and the preliminary and final acceptance and approval of, the Improvements. Builder shall take all commercially reasonable actions and execute all documents reasonably requested by Developer in its efforts to obtain releases of all such warranties, bonds, and other financial assurances upon final acceptance of the Improvements by the Approving Authorities.

(d) Taxes, Fees and Permits. Developer or the Service Providers shall pay all applicable sales, use, and other similar taxes pertaining to the construction of the Improvements, and shall secure and pay for all approvals, easements, assessments, charges, permits and governmental fees, licenses and inspections necessary for proper construction and completion of the Improvements, subject to the terms of the Contract and except as provided otherwise in this LDA. Developer and the Service Providers shall not defer the payment of any use taxes pertaining to the Improvements except as may be authorized under law or agreement with the applicable taxing authorities.

(e) Dedications. Developer and each Builder upon whose property the Improvements are located shall timely make all conveyances and dedications of the Improvements as to any Improvements owned by such Party if and as required by the Approving Authorities, free and clear of all liens and encumbrances.

(f) Indemnity. Developer shall indemnify, defend and hold harmless the Builder and its owners, employees, members, managers, directors, officers, agents, affiliates, successors and assigns (each a "**Builder Indemnitee**" and collectively, the "**Builder Indemnitees**") for, from and against all claims, demands, liabilities, losses, damages (exclusive of special, consequential, punitive, consequential and lost profits damages), costs and expenses, including but not limited to court costs and reasonable attorneys' fees, arising out of material damage caused by Developer's gross negligence or willful misconduct in the performance of the construction of the Improvements. Notwithstanding the foregoing, Developer shall not be obligated under this LDA to indemnify the Builder Indemnitees to the extent such liabilities result from the negligence or willful misconduct of any Builder Indemnitee, or for any claims arising out of geologic, soils, ground water or other physical conditions affecting the Lots, or underdrains systems installed according to Plans reviewed and approved by a Builder. Builder shall indemnify, defend and hold harmless Developer and its respective owners, affiliates, employees, members, managers, directors, officers, agents, successors and assigns (each an "**Developer Indemnitee**" and collectively, the "**Developer Indemnitees**") for, from and against all claims, demands, liabilities, losses, damages, costs and expenses, including but not limited to court costs and reasonable attorneys' fees, arising out of or relating to (i) Builder's or its successor's development, construction, use, ownership, management, marketing or sales activities associated with the Lots and the Property (including, without limitation, land development, grading, excavation, trenching, and soils compaction, and construction on the Builder Lots performed by or on behalf of a Builder); (ii) the soils, subsurface geologic, groundwater or other physical conditions present on or affecting the Builder Lots; (iii) any change subsequent to the Effective Date in the Entitlements to the extent that the change was caused, requested or made by Builder or the design of any residences ("**Homes**") constructed on the Builder Lots other than claims arising solely out of Developer's gross negligence or willful misconduct in the performance of Developer's obligations under this LDA; (iv) homeowner claims asserting or relating to any implied warranty of habitability, merchantability, or fitness for any particular purpose in connection with Builder's construction of one or more Homes on the Builder Lots; or (v) Improvements and other work completed or deemed completed in accordance with the Construction Standard except for warranty claims properly and timely asserted pursuant to Section 4.8 of this LDA. Notwithstanding the foregoing, Builders shall not be obligated under this LDA to indemnify, defend or hold harmless Developer from claims arising solely out of a successor's development, construction, use, ownership, management, marketing or sales activities associated with the Builder Lots and the Property if such successor is approved by Developer and gives Developer a substitute indemnity that is equivalent to the indemnity provided by the Builder under this Section 3.6 and such successor is financially sound as reasonably determined by Developer. Obligations under this Section shall survive the termination or expiration of this LDA.

(g) Insurance. Developer shall procure and maintain, and shall cause the Service Providers to procure and maintain, the insurance described in **Exhibit C** attached hereto during the construction of the Improvements and any warranty work performed on the Improvements.

(h) Independent Contractor. Developer is an independent contractor and neither Developer nor its employees are entitled to worker's compensation benefits or unemployment insurance benefits through any Builder as a result of performing under the LDA. The Developer is responsible for and obligated to pay all assessable federal and state income tax on amounts earned or paid under this LDA.

4. Construction of Improvements.

(a) Plans and Specifications. Developer shall (i) diligently finalize, process and obtain approval of the Plans for the Improvements from the applicable Approving Authorities to the extent required by such entities, and (ii) apply to the utility service provider for the preparation of dry utility plans ("**Utility Plans**"). Upon receipt of the approved Plans for the Improvements and the Utility Plans for the dry utilities from the utility service provider, Developer will furnish a copy of such Utility Plans to the Builder. After replacement of **Exhibit B** by the Revised Exhibit B, if Developer elects to amend the Plans in a manner that will result in a Material Change (defined below), then Developer shall provide written notice of the Material Change (a "**Notice of Material Change**") to Builder if the Builder Lots are affected by the change. The Notice of Material Change shall describe the modification to the Plans requested by Developer. Builder shall have five (5) business days after receipt of the Notice of Material Change to provide written notice to the Developer if it objects to the proposed Material Change (a "**Notice of Material Change Objection**"), which shall describe revisions to the Material Change that would render it acceptable to Builder. If Builder fails to give a timely Notice of Material Change Objection to Developer, the Material Change shall be deemed approved by Builder. If Developer performs any Material Change without first providing Builder with a Notice of Material Change, or after Receiving a Notice of Material Change Objection, which objection has not been resolved in accordance with the following provisions, then Developer shall assume responsibility for the cost of correcting any such change, as well as the time impacts for making such correction. Within five (5) business days after delivery to Developer of a Notice of Material Change Objection, said Developer and the Builder shall meet to approve or reject the Material Change. If Developer and Builder cannot reach an acceptable resolution regarding the Notice of Material Change Objection, the dispute shall be resolved pursuant to the arbitration provision set forth in Section 7 below. For purposes of this Section (a), a "**Material Change**" shall consist only of the following changes to the approved Plans for the Improvements to be installed for the benefit of the Property which have previously been approved by the applicable Approving Authorities:

(i) Reduction of the total number of Builder Lots available for the construction of residences by more than 10%.

(ii) Material adverse impact on the ability to serve basements with eight (8) foot foundation wall heights with gravity flow sanitary sewer service on the Builder Lots.

(iii) Changes greater than one half (1/2) of one (1) foot to the proposed finish grade elevation for any of the Builder Lots.

(b) Construction Standard. Developer shall cause the applicable Improvements to be constructed in accordance with the Construction Standard and shall obtain preliminary and final acceptance thereof by all Approving Authorities. As used herein, the term "**Construction Standard**" means construction and installation of the Improvements in a good, workmanlike and lien-free manner and in substantial conformity with the Plans (as may be modified pursuant to the terms hereof), the applicable requirements of the Approving Authorities, and the "Finished Lot Standard" set forth on **Exhibit D** attached hereto. The Construction Standard does not include any so-called "over excavation" or comparable preparation or mitigation of the soil (hereinafter defined as the "**Overex**") on the Builder Lots and Builder has sole responsibility with respect to any Overex that the Builder determines to undertake on the Builder Lots. The terms and provision of Section 10(e) (Over Excavation) of the Contract are hereby incorporated herein by this reference. The Parties shall reasonably cooperate in coordinating the Builder's completion of the Overex so that the Overex can be properly sequenced with Developer's completion of the Improvements. In no event shall Developer be liable to Builder for any delay, costs or damages incurred with respect to such Overex, even if caused by any delay in installation of Improvements sequenced ahead of the Overex, and all timeframes shall be deemed extended appropriately in the event of any delay in completing such Overex in accordance with the Construction Schedule (as hereinafter defined).

(c) Construction Contracts for Work. Developer and contractors of Developer shall contract for all of the work and materials comprising the applicable Improvements. Developer shall have the right to bid, pursue, negotiate, agree to and execute contracts and agreements with Service Providers for the work and materials comprising the Improvements (each a "**Construction Contract**" and collectively, the "**Construction Contracts**"), based upon forms that Developer deems necessary or appropriate in its commercially reasonable discretion; provided, however, that Developer shall deliver written notice to Builder after it shall enter into any Construction Contract, which notice shall identify the Service Provider(s). Developer shall attempt to cause each Construction Contract, in addition to other matters, to (i) allow for the automatic assignment, without need for further action, of all of Developer's rights (including, without limitation, the warranty and indemnity provisions thereof) to Builder on a non-exclusive basis in the event of replacement of Developer pursuant to the terms of this LDA, and identify Builder as an intended third-party beneficiaries of the Construction Contract, (ii) require the Service Provider to name the Builder as additional insureds on all required insurance maintained by the Service Provider for a period expiring not sooner than final acceptance of the Improvements by the applicable Approving Authority for which such Service Provider furnished materials or work, (iii) require the Service Providers to provide a warranty on materials and labor supplied by such Service Provider for a period coterminous with the warranty period required by the applicable Approving Authorities for Improvements to be dedicated to an Approving Authority, but in no event less than one (1) year for any Improvement, (iv) require the Service Provider to perform its work in accordance with the Construction Standard, (v) require the Service Provider to indemnify, defend, and hold harmless Developer from all claims and causes of action arising from the negligent acts or omissions or intentional misconduct of the Service Provider or its employees or agents, (vi) permit retainage in an amount of at least five percent (5%) of the amounts payable to the Service Provider, until the work to be completed pursuant to such contract has been substantially completed and, if applicable, granted initial acceptance by the applicable Approving Authority; (vii) provide the Developer the right, but not the obligation, to pay subcontractors and suppliers of the Service Provider directly or by joint check, and (viii) provide for no limitation on remedies against the Service Provider for a default except the prohibition of recovery of punitive damages. Upon receipt of written request from Builder, Developer shall deliver a copy of each Construction Contract to such Builder.

(d) Commencement and Completion Dates. Developer shall cause construction of the Improvements to be commenced and completed as follows:

(i) Commencement; Construction Schedule; Completion. The Improvements will be completed in phases consisting of two phases with respect to the Takedown 1 Lots and two subsequent phases with respect to the Takedown 2 Lots for a total of four phases (each a "**Phase**"). Developer shall commence and complete each component of the Improvements in each Phase in accordance with the construction schedule set forth on **Exhibit E** attached hereto (the "**Construction Schedule**"), and cause Substantial Completion of the Improvements in each Phase to occur on or before the applicable deadline therefor as set forth in the Construction Schedule (the "**Substantial Completion Deadline**"); provided, however, subject to Section 4.4.2 below. The Construction Schedule will provide for the first Phase ("**Phase 1**") to be substantially completed ten (10) months after the First Closing, with the second Phase ("**Phase 2**") to be substantially completed nine (9) months after substantial completion of Phase 1, with the third Phase ("**Phase 3**") to be substantially completed nine (9) months after the Second Closing and the fourth Phase ("**Phase 4**") to be substantially completed nine (9) months after substantial completion of Phase 3, all subject to Section 4.4.2 below. Developer may cause Improvements to be constructed and installed as Developer deems necessary, in the Developer's commercially reasonable discretion, to coordinate such Improvements with the development of portions of the Development other than the Property; or cause Improvements to be constructed and installed in accordance with scheduling requirements of the County and other Approving Authorities. Notwithstanding anything to the contrary, the Developer shall have no obligation to install landscaping during the months of October through April.

(ii) Force Majeure. Notwithstanding any contrary provision of this LDA, the completion dates and all interim milestones (if any) set forth on the Construction Schedule, the Substantial Completion Deadline, and the time for performance of Developer's other obligations under the Construction Schedule or this LDA shall be extended by a period of time equal to any period that such performance or progress in construction of the Improvements is delayed due to any Dispute, as defined below, acts or failure to act of any Approving Authority, strike, riot, act of war, act of terrorism, act of violence, weather, act of God, or any other act, occurrence or non-occurrence beyond Developer's reasonable control (each, an "**Uncontrollable Event**").

(e) Substantial Completion.

(i) Definition of Substantial Completion. "**Substantial Completion**" of the Improvements (or applicable component thereof) shall be deemed to have occurred when all of the following have occurred with respect to the Improvements (or applicable component thereof):

(1) Developer has substantially completed or corrected all punchlist items provided by the Approving Authorities and the Builders affecting the Improvements (or applicable component thereof) in accordance with Section (ii) below so that Builder is not precluded from obtaining from the Approving Authorities building permits for houses constructed, or to be constructed, on any Builder Lots solely as a result of such punchlist items (or applicable component thereof) not being complete, and Developer has obtained lien releases reasonably acceptable to Builder from all contractors performing work related to the Improvements;

(2) The Improvements (or applicable component thereof) have been installed pursuant to the Construction Standard and shall be substantially complete so that Builder is not precluded from obtaining from the Approving Authorities building permits for houses constructed, or to be constructed, on any Builder Lots solely as a result of such Improvements (or applicable component thereof) not being complete;

(3) Any Improvements (or applicable component thereof) that are intended to be dedicated to or accepted by an Approving Authority shall have been inspected and preliminarily accepted by the applicable Approving Authority (subject to the Government Warranty Period (as defined below)); except that those Improvements that are (x) to be phased, if any, as set forth in the Entitlements, or (y) not necessary or required by the Approving Authority to occur prior to issuance of a building permit or certificate of occupancy for Homes on the Lots, including but not limited to certain landscape and park improvements (the "**Additional Improvements**") will not be required to achieve Substantial Completion, but Developer shall nevertheless be required to complete construction and obtain acceptance of such Additional Improvements by the applicable Approving Authority after Substantial Completion at such time as is required by the applicable Approving Authorities and so that Builder is not precluded from obtaining from the Approving Authorities building permits or certificate of occupancy for houses constructed, or to be constructed, on any Builder Lots solely as a result of such Additional Improvements (or applicable component thereof) not being complete.

(4) No mechanics' or materialmen's liens shall have then been filed against any of the Builder Lots with respect to the Improvements and lien waivers have been obtained from the Service Providers that constructed the Improvements (or applicable portion thereof), or the Developer has obtained a bond to insure over any such mechanics' or materialmen's liens.

(5) With respect to any Improvements that are required by the Construction Standard or that are required by the subdivision improvement agreement applicable to the Builder Lots but which are not addressed as part of the Construction Standard or the Finished Lot Standard, and any other Improvements which are not required for the issuance of building permits but which are required by the Approving Authorities so that Homes and other improvements constructed by Builder on the Builder Lots are eligible for the issuance of certificates of occupancy for homes, the Developer shall complete or cause the completion of such other Improvements, to the extent required by the Approving Authorities, so as not to delay the issuance of certificates of occupancy for Homes constructed by Builder on the Builder Lots.

(ii) Inspection.

(1) Notice to Builder. Developer shall notify Builder in writing when Substantial Completion of the Improvements (or applicable component thereof) on the Builder Lots has been achieved, except for minor punch-list work which does not affect the ability to obtain building permits or certificates of occupancy, as applicable, for Homes on the Lots, and the date(s) and time(s) the Approving Authorities will inspect such Improvements (or applicable component thereof). Within ten (10) days after receipt by Builder of such notice from the Developer, Developer and Builder shall jointly inspect the Improvements (or applicable component thereof) on the Builder Lots and produce a punchlist ("**Builder Punchlist**"). The Builder Punchlist may not contain any items other than incomplete Improvements or components thereof, deficient or defective construction of the Improvements or components thereof, or failure to construct the Improvements or components thereof in accordance with the Construction Standard. Builder shall not be able to object or provide Builder Punchlist items for any portion of the Improvements previously inspected by the Builder. If the Parties are unable to agree upon a Builder Punchlist within five (5) days after the joint inspection described above, then any dispute related to such punchlist shall be submitted to the expedited dispute resolution procedures in accordance with Section 7 below. Developer will give Builder notice of the date and time of inspections of the Improvements by the Approving Authorities and Builder may attend such inspections. Developer will attempt to provide Builder with copies of any inspection reports or punchlists received from the Approving Authorities in connection with the inspection of the Improvements, and Developer shall be responsible to correct punchlist items from the Approving Authority and items set forth on the Builder Punchlist. Notwithstanding anything to the contrary including any Builder Punchlist, if an Approving Authority grants preliminary approval or construction acceptance to any of the Improvements, or if the engineer issues a certification with respect to the grading, fill and compaction in accordance with item (g) of **Exhibit D**, then it shall conclusively be presumed that such Improvement or work was completed in accordance with the Construction Standard, subject to completion of the punchlist items provided by the Approving Authority. If an item is not identified as incomplete on the Builder Punchlist, then it shall conclusively be presumed that such Improvement was completed in accordance with the Construction Standard, and thereafter the Builder and not Developer shall be responsible for repairing damage to such Improvement occurring after completion of the Builder Punchlist work unless such damage is determined either by agreement of the parties or pursuant to Section 7 of this LDA to be the result of a design or construction defect. Disputes regarding Builder Punchlist items and matters will be resolved pursuant to the expedited dispute resolution procedures set forth in Section 7 of this LDA.

(2) Correction of Punchlist Items. Developer shall cause any punchlist items to be corrected within the time required by the County or other applicable Approving Authorities, or such shorter time as may be required pursuant to the Construction Schedule.

(3) Interim Inspections. Upon reasonable prior notice, each Builder may inspect the construction of the Improvements on the Builder Lots; provided, however, such inspection shall be (i) at the sole risk of Builder, (ii) such inspection shall be non-invasive and shall be performed in a manner that does not interfere with or result in a delay in the construction of the Improvements, and (iii) Builder shall indemnify Developer for any damage resulting from such inspection.

(f) Self-Help Remedy.

(i) Notice of Default. If Developer: (a) breaches its obligation under this LDA to complete or cause the completion of any Improvement in accordance with the Plans or Construction Schedule (as extended by any Uncontrollable Event); (b) otherwise breaches any material obligation under this LDA; (c) fails to comply with any material provision of its Construction Contracts with Service Providers beyond any applicable express notice or cure periods; or (d) files a petition for relief in bankruptcy or makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due (each a "**Bankruptcy Event**"), then the Builder may deliver written notice of the breach to Developer (a "**Notice of Default**"). Each of the events set forth in Subsections (a) through (d) inclusive of the preceding sentence shall be herein referred to as a "**Constructing Party Default**." For any Constructing Party Default other than a Bankruptcy Event, the Developer shall have thirty (30) days after Developer's receipt of the Notice of Default from the Builder to cure the Constructing Party Default (the "**Cure Period**"); provided, however, if the nature of the Constructing Party Default is such that it cannot reasonably be cured within thirty (30) days, the Cure Period shall be deemed extended for a reasonable period of time (not to exceed an additional sixty (60) days) so long as Developer commenced in good faith and with due diligence to cause such Constructing Party Default to be remedied. If Developer does not cause the cure of the Constructing Party Default within the Cure Period (as may be extended pursuant to the preceding sentence, and subject to Uncontrollable Events), or if a Bankruptcy Event occurs (either, an "**Event of Default**"), then the Builder may elect to appoint either itself or another qualified third party (which may include another builder under contract with Developer to purchase lots within the Development, provided that such builder agrees to, and accepts, such appointment) ("**Substitute Constructing Party**") to assume and take over the construction of the Improvements by providing written notice to Developer of its election (the "**Assumption Notice**"). Substitute Constructing Party's assumption of the construction of the Improvements shall not include the assumption of any liability for acts or omissions occurring prior to the Assumption Notice, or payment of any "Constructing Party Cost Overruns" (as defined below) incurred prior to the Assumption Notice, which Constructing Party Cost Overruns shall remain the sole responsibility of the Developer, or receipt of any cost savings prior to the Assumption Notice; provided, however, that the Substitute Constructing Party shall be entitled to an administrative fee in an amount equal to two percent (2%) of the remaining Costs (as defined below) actually paid, which administrative fee shall be included in the Constructing Party Cost Overruns. The Builder's election to appoint a Substitute Constructing Party to assume and take over the construction of the Improvements and to exercise and enforce the rights and obligations set forth in Section 4.6.2 below shall thereafter be the Builder's sole and exclusive remedy.

(ii) Assumption Right. If Builder delivers an Assumption Notice, then: (i) Developer shall cooperate to allow the Substitute Constructing Party to take over and complete the incomplete Improvements, including the execution and delivery to the Substitute Constructing Party of such agreements, documents or instruments as may be reasonably necessary to assign to the Substitute Constructing Party all Construction Contracts with third parties pertaining to the Improvements; (ii) Developer shall remain responsible for all Constructing Party Cost Overruns (as hereinafter defined), but Developer shall be relieved of all further obligations under this LDA with respect to the completion of the incomplete Improvements subsequent to such assumption; (iii) Developer shall remain liable for its gross negligence or willful misconduct, and any indemnification obligations specified herein incurred prior to the date of such assumption; and (v) Substitute Constructing Party shall assume and perform all obligations under all Contracts for Improvements which Substitute Constructing Party will complete to the extent such obligations are to be performed after the date of delivery of the Assumption Notice. Upon delivery of an Assumption Notice, Substitute Constructing Party shall be obligated to complete the Improvements and pay the Costs incurred thereafter by Substitute Constructing Party to complete the Improvements. If a Substitute Constructing Party assumes the obligation to construct the Improvements, the Builder's obligation for the payment of costs under Section 6.1 which are due and payable after the date of the Assumption Notice shall be suspended and thereafter terminated if the Substitute Constructing Party achieves Substantial Completion of any unfinished Improvements. In the event of an Assumption Notice, the Substitute Constructing Party shall indemnify, defend and hold harmless the Developer and its members, managers, shareholders, employees, directors, officers, agents, affiliates, successors and assigns for, from and against all claims, demands, liabilities, losses, damages (exclusive of special, consequential, punitive, speculative or lost profits damages), costs and expenses, including but not limited to court costs and reasonable attorneys' fees, that accrue after the date of the Assumption Notice and arise out of the Substitute Constructing Party's completion of the Improvements, and this indemnity shall not apply to any claims, demands, liabilities, losses, damages, costs, expenses, acts or omissions arising or accruing before the date of the Assumption Notice. The obligations under this Section shall survive the termination or expiration of this LDA.

(iii) Appointment of Substitute Constructing Party. For purposes of exercising the self-help remedies set forth in this Section (f) with respect to an Event of Default, Builder may elect to appoint either itself or another Substitute Constructing Party (which may include another builder under contract with Developer to purchase lots within the Development, provided that such builder agrees to, and accepts, such appointment) who shall then have the right and authority to act pursuant to the self-help provisions of this Section (f) ("**Designated Builder**"). If the cure of an Event of Default requires the construction or completion of Improvements that serve both the Builder Lots and other lots that are owned by another homebuilder that is under contract with Developer for the completion of such Improvements (the "**Joint Improvements**"), then Richmond American Homes of Colorado ("**Richmond**")(to the extent that it has purchased lots in the Development from Developer) shall, at it's election, have the first right and option (ahead of all other builders within the Development) to step in and act on behalf of all such builders pursuant to the self-help provisions of this Section 4.6 with respect to the Joint Improvements ("**Builder's Step-In Option**"). Richmond may exercise the Builder Step-In Option by giving notice to Developer and the other builders within fifteen (15) days following the Event of Default ("**Builder's Step-In Deadline**"). If Richmond does not exercise Builder's Step-in Option prior to the Builder Step-In Deadline, then the other builders shall have the right to exercise an option to step-in and select a Substitute Contracting Party to act on behalf of all such builders pursuant to the self-help provisions of this Section 4.6 with respect to the Joint Improvements by giving notice to Developer and the other builders within fifteen (15) days following the expiration of Builder's Step-In Deadline. The Developer, Builder, the other builders(s) affected by any joint improvements and the Title Company will at Closing execute a "**Joint Improvements Memorandum**" that describes the rights and obligations of Developer, Builder, such other builder(s) and Title Company and such document will supplement this Lot Development Agreement regarding the installation and construction of any Joint Improvements. The form of the Joint Improvements Memorandum shall be agreed upon during the Inspection Period under the Contract and attached to this Lot Development Agreement as **Exhibit I**.

(g) Over-Excavation of Lots. The Parties acknowledge that the Improvements shall not include Overex of the Lots. Builder, with respect to its Builder Lots shall, at its sole cost, cause the Overex to be performed, and shall have the right to enter such Builder Lots for the purposes of performing the Overex; provided, however, that such entry shall be performed in a manner that does not materially interfere with or result in a material delay or an increase in the Costs or any expenses in the construction of the Improvements, and provided further that Builder shall promptly repair any portion of the Builder Lots and adjacent property that is materially damaged by Builder or its agents, designees, employees, contractors, or subcontractors in performing the Overex. THE PARTIES ACKNOWLEDGE AND AGREE THAT DEVELOPER IS NOT PERFORMING ANY OVER-EXCAVATION OF THE BUILDER LOTS AND THAT THE DEVELOPER SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO OR ARISING OUT OF ANY OVER-EXCAVATION OF THE BUILDER LOTS OR EXPANSIVE SOILS PRESENT ON THE BUILDER LOTS AND DEVELOPER EXPRESSLY DISCLAIMS ANY LIABILITY WITH RESPECT TO ANY OVER-EXCAVATION OF THE LOTS AND EXPANSIVE SOILS PRESENT ON THE BUILDER LOTS. BUILDER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS DEVELOPER AND ITS SHAREHOLDERS, EMPLOYEES, DIRECTORS, OFFICERS, AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS FOR, FROM AND AGAINST ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES (EXCLUSIVE OF SPECIAL, CONSEQUENTIAL, PUNITIVE, SPECULATIVE OR LOST PROFITS DAMAGES), COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO COURT COSTS AND REASONABLE ATTORNEYS' FEES, ARISING OUT OF ANY EXPANSIVE SOILS, OVER-EXCAVATION OR OTHER SOIL MITIGATION OR BUILDER'S ELECTION NOT TO PERFORM SOILS MITIGATION, ON OR PERTAINING TO THE BUILDER LOTS. THE PROVISIONS OF THIS SECTION 4.7 SHALL EXPRESSLY SURVIVE THE EXPIRATION OR TERMINATION OF THIS LDA.

(h) Warranty Periods.

(i) Government Warranty Period. The Approving Authorities may require a warranty period after the Substantial Completion of the Improvements (a "**Government Warranty Period**"). In the event defects in the Improvements to which a governmental warranty applies become apparent during the Government Warranty Period, then Developer shall coordinate the repairs with the applicable Approving Authorities and cause the Service Provider(s) who performed the work or supplied the materials in which the defect(s) appear to complete such repairs or, if such Service Providers fail to correct such defects, otherwise cause such defects to be repaired to the satisfaction of the Approving Authorities. Any costs and expenses incurred in connection with any repairs or warranty work performed during the Government Warranty Period (including, but not limited to, any costs or expenses incurred to enforce any warranties against any Service Providers) shall be borne by Developer and shall be included in the Constructing Party Cost Overruns, unless such defect or damage was caused by Builder or its contractors, subcontractors, employees, or agents, in which event Builder shall pay all such costs and expenses to the extent caused by Builder or its contractors, subcontractors, employees, or agents. Any damage to an Improvement that was not listed on the Builder Punchlist shall be presumed to have been caused by Builder or its contractors, subcontractors, employees, or agents, unless the Builder conclusively proves that the damage was caused as the result of a design or construction defect in the original construction by Developer as determined by agreement of the parties or as determined in a legal proceeding pursuant to the Expedited Dispute procedure in Section 7, below.

(ii) Non-Government Warranty Period. Developer warrants ("**Non-Government Warranty**") to Builder that each Improvement to which a Governmental Warranty Period does not apply shall have been constructed in accordance with the Plans for one (1) year from the date of Substantial Completion of the Improvement (the "**Non-Government Warranty Period**"). If Builder delivers written notice to Developer of breach of the Non-Government Warranty during the Non-Government Warranty Period, then Developer shall coordinate the corrections with the Builder and cause the Service Provider(s) who performed the applicable work or supplied the applicable materials to complete such corrections or, if such Service Providers fail to make such corrections, otherwise cause such corrections to be made. Any costs and expenses incurred in connection with a breach of the Non-Government Warranty shall be borne by Developer (including, but not limited to, any costs or expenses incurred to enforce any warranties against Service Providers), and shall be included in the Constructing Party Cost Overruns, unless such breach was caused by Builder or its contractors, subcontractors, employees, or agents, in which event the Builder shall pay all such costs and expenses to the extent caused by Builder or its contractors, subcontractors, employees, or agents. Any damage to an Improvement that was not listed on the Builder Punchlist shall be presumed to have been caused by Builder or its contractors, subcontractors, employees, or agents, unless Builder conclusively proves that the damage was caused as the result of a design or construction defect in the original construction by Developer. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 4.8.1 OR 4.8.2, THE DEVELOPER PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO BUILDER IN RELATION TO THE IMPROVEMENTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS ALL OF THE SAME AND SHALL HAVE NO OBLIGATION TO REPAIR OR CORRECT ANY DEFECT IN IMPROVEMENTS FOR WHICH NO CLAIM IS ASSERTED DURING THE APPLICABLE WARRANTY PERIOD. The preceding sentence does not affect, alter or modify any Service Provider's obligations to repair or correct any defects in Improvements and shall not be construed as a limitation on the Builder's statutory rights or remedies which may not be modified by contract.

(i) License for Construction. Each Party hereby grants to Developer or the Substitute Constructing Party (as applicable) and the Service Providers a temporary, non-exclusive license to enter upon the parcel within the Property owned by such Party as reasonably necessary for the installation of the Improvements, rough grading of the Builder Lots, stubbing of utilities and/or the performance of Developer's (or Substitute Constructing Party's, as applicable) responsibilities under this LDA. Each Party further agrees to grant such separate written rights of entry and/or licenses in or upon the parcel owned by such Party as may be reasonably necessary for installation of the Improvements, rough grading of the Builder Lots and stubbing of utilities. No rights of entry and/or licenses over any portion of the Property may be exercised or used by a Party in any fashion that would unreasonably interfere with or adversely impact any other Party's development of its parcel. The rights under this Section or any instruments delivered hereunder shall terminate upon the expiration of all Government Warranty Periods.

(j) Liens. Developer shall pay, or cause to be paid, when due, all liens and claims for labor and/or materials furnished to the Builder Lots pursuant to this LDA to prevent the filing or recording by any third party of any mechanics', materialmen's or other lien, stop notice or bond claim or any attachments, levies or garnishments (collectively "**Liens**") involving the Improvements. Developer will, within sixty (60) calendar days after written notice from Builder or after Developer otherwise become aware of such Liens, terminate the effect of any Liens by filing or recording an appropriate release or bond if so requested by Builder. If a Builder requests a Developer to file and obtain any such release or bond and Developer fails to do so within sixty (60) calendar days of such request, Builder may obtain such bond or secure such release on behalf of Developer, and Developer shall reimburse Builder for all costs and fees related thereto within thirty (30) days after receipt of written request therefor.

(k) Tree Lawns/Sidewalks. Notwithstanding anything in this LDA to the contrary, Developer shall have no obligation to construct, install, maintain or pay for the maintenance, construction and installation of (i) any landscaping or irrigation for such landscaping behind the curb on any Builder Lot that is to be maintained by the owner of such lot (collectively, "**Tree Lawns**"), but Developer shall be responsible for constructing and installing the detached sidewalks and ramps (collectively, "**Sidewalks**") that are located immediately adjacent to any Builder Lot or on a tract as required by the approved Plans, County, or any other Approving Authority and/or applicable laws as provided in this LDA. Builders shall be responsible for installing any other lead walks, pathways, and driveways and any other flatwork on the Builder Lots. Builder shall install all Tree Lawns on or adjacent to its Builder Lots in accordance with all applicable Plans, requirements, regulations, laws, development codes and building codes of all Approving Authorities and such Tree Lawns shall not be considered part of the Improvements.

(l) Soil Hauling. Builder shall be responsible for relocating from the Builder Lots all surplus soil generated during Builder's construction of structures on the Builder Lots. At the option of the Seller under the Contract, in its sole discretion, the surplus soil shall be transported at Builder's expense to a site designated by Seller within the Development. If and to the extent that Seller establishes stock pile site within the Property, Seller may modify any such stock pile locations from time to time in Seller's discretion. At Seller's request, Builder shall supply copies of any reports or field assessments identifying the material characteristics of the excess soil prior to accepting such soil for fill purposes. Notwithstanding the foregoing, in the event that Seller does not establish a stock pile site or elects not to accept any surplus soils from Builder, then Builder shall, at its sole expense, find a purchaser or taker or otherwise transport and dispose of such surplus soil upon such terms as it shall desire, but such surplus soil must still be removed from the Property and may not be stockpiled on the Property or within the Development after construction has been completed.

5. Costs of Improvements.

(a) Definition of Costs. As used herein, the term "**Costs**" shall mean all hard and soft costs incurred in connection with the design (including all engineering expenses), construction and installation of the Improvements, including, but not limited to, costs of labor, materials and suppliers, engineering, design and consultant fees and costs, blue printing services, construction staking, demolition, soil amendments or compaction, any processing, plan check or permit fees for the Improvements, engineering services required to obtain a permit for and complete the Improvements, costs of compliance with all applicable laws, costs of insurance required by this LDA, costs of any financial assurances, any corrections, changes or additions to work required by the Approving Authorities or necessitated by site conditions, municipal, state and county taxes imposed in connection with construction of the Improvements, any warranty work, and any other costs incurred in connection with the performance of the obligations of Developer or the Substitute Constructing Party (as applicable) hereunder to complete the Improvements.

(b) Budget. Attached hereto as **Exhibit F** is an estimate of the Costs to construct the Improvements (the "**Budget**"). The Costs identified on the Budget are referred to herein as "**Budgeted Costs**." Builders shall pay or cause to be paid pursuant to Article 6 below a share of the Budgeted Costs. As consideration for the Developer's performance under this LDA and the construction of the Improvements, Builder shall pay the Deferred Purchase Price which is equal to (i) a share of the Budgeted Costs in the amount of Forty Seven Thousand Five Hundred Dollars **($**47,500.00**)** per Builder Lot plus the Escalator (which based on a total of 161 Builder Lots is equal to $7,674,500.00 plus the Escalator), and (ii) the Builder Cost Overruns, as defined below (collectively, the "**Maximum Builder Costs**").

(c) Cost Overruns. Notwithstanding anything in this LDA to the contrary, the Developer shall pay (i) all costs for changes to the Plans or Improvements required by any Approving Authority or to correct any error or defect in the Plans that cause the Costs to exceed the Budgeted Costs, and (ii) the costs of all other changes to the Plans or Improvements requested by the Developer that cause the Costs to exceed the Budgeted Costs (collectively, the "**Constructing Party Cost Overruns**"). The Builder shall pay all costs of changes to the Plans or Improvements requested by Builder that causes the Costs to exceed the Budgeted Costs ("**Builder Cost Overruns**") and Builder shall not have any responsibility for Constructing Party Cost Overruns unless such Constructing Party Cost Overruns occur as a result of Builder's breach of its obligations under this LDA.

(d) Accounting. Developer shall keep good and accurate books and records in sufficient detail to allow the Costs to be calculated, which books and records shall be made available for review (upon reasonable prior written notice) by the Parties. Within thirty (30) days after Substantial Completion of the Improvements, the Developer shall deliver to Builder a reasonably detailed final accounting of the Costs.

(e) Progress Reports. Developer shall, no less frequently than once per month, provide Builder with a progress report setting forth the amount of Costs expended to date, a list of Improvements completed, to date, and an estimate by a project manager of Developer of the status of overall completion of the Improvements, in such form as Developer deems reasonably appropriate ("**Progress Report**").

6. Payment of Costs.

(a) Payment.

(i) Payment. Pursuant to the terms of the Contract, Builder shall pay to Developer, as Seller, part of the Purchase Price in cash at each closing (the "**Initial Purchase Price**"), and pay in accordance with the terms of this LDA a deferred portion of the Purchase Price ("**Deferred Purchase Price**") equal to the Maximum Builder Costs (including Builder Cost Overruns, if any) which represents Builder's share of the Budgeted Costs of the Improvements. After Builder pays the Initial Purchase Price, Builder has no responsibility for payment of any funds in excess of the Maximum Builder Costs. The Deferred Purchase Price is payable to Developer in installments based upon completion of the Improvements that serve each phase of the Builder Lots as follows:

(1) Takedown 1 Lots – Phase 1. Phase 1 consists of approximately 41 Lots that are a part of the Takedown 1 Lots as identified on the Concept Plan (the "**Phase 1 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 1 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 1 in the amount of $1,900,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 1 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,900,000.00 plus the Escalator.

(2) Takedown 1 Lots – Phase 2. Phase 2 consists of approximately 41 Lots that are a part of the Takedown 1 Lots as identified on the Concept Plan (the "**Phase 2 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 2 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 2 in the amount of $1,900,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 2 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,900,000.00 plus the Escalator.

(3) Takedown 2 Lots – Phase 3. Phase 3 consists of approximately 41 Lots that are a part of the Takedown 2 Lots as identified on the Concept Plan (the "**Phase 3 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 3 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 3 in the amount of $1,900,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 3 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,900,000.00 plus the Escalator.

(4) Takedown 2 Lots – Phase 4. Phase 4 consists of approximately 42 Lots that are a part of the Takedown 2 Lots as identified on the Concept Plan (the "**Phase 4 Lots**"). Upon Substantial Completion of the Wet Utilities that serve the Phase 4 Lots in accordance with Section 4.5 above, Builder shall pay the Developer a portion of the Deferred Purchase Price for Phase 4 in the amount of $1,900,000.00 plus the Escalator. Upon Substantial Completion of the Improvements that serve the Phase 4 Lots in accordance with Section 4.5 above, Builder shall pay the Developer the balance of the Deferred Purchase Price in the amount of $1,900,000.00 plus the Escalator.

(5) Escalator. All payments of the Deferred Purchase Price shall be subject to the Escalator as provided in Section 2(b) of the Contract.

(6) Invoice. After Substantial Completion is achieved as described above, Builder shall pay the applicable portion of the Deferred Purchase within five (5) business days after an invoice for payment is delivered to Builder by Developer.

(7) Definition of Wet Utilities. The Wet Utilities that serve each Phase of the Builder Lots that will trigger the Builder's payment obligation upon Substantial Completion thereof are identified on **Exhibit G**.

(8) Security for Payment of Deferred Purchase Price - Letter of Credit In order to secure Builder's obligation following the each Closing to pay the Deferred Purchase Price in accordance with the terms of the Contract and the payment obligations set forth above in this Section 6.1, at each Closing, Builder shall deliver to Title Company, acting as escrow agent, a letter of credit issued by _____ in the form attached to the Contract as **Exhibit H** (the "**Letter of Credit**") and in an amount equal to the sum of the Deferred Purchase Price for all of the Lots acquired by Builder at such Closing plus the estimated Escalator thereon in an amount equal to $_____.00 with respect to the Letter of Credit delivered at the First Closing and $_____.00 with respect to the Letter of Credit delivered at the Second Closing, and $_____.00 with respect to the Letter of Credit delivered at the Third Closing. Title Company shall hold and maintain the Letter of Credit pursuant to this LDA and the Contract in an escrow account established by Title Company for the benefit of Developer and Builder(pursuant to the terms of an escrow agreement to be agreed upon by Developer, Builder and Title Company during the Due Diligence Period). The Letter of Credit for each Closing shall remain in place until the final payment of the Deferred Purchase Price applicable to such Closing has been made to the Developer following Substantial Completion of the Finished Lot Improvements which serve the Lots acquired by Builder at such Closing. If the Letter of Credit is scheduled to expire prior to the Substantial Completion of all of such Lots, and Builder has not renewed the Letter of Credit at least fifteen (15) days prior to the expiration date thereof, Title Company is authorized and directed to draw down the full amount of the Letter of Credit and deposit such funds in escrow to be used solely for the payment of any unpaid Deferred Purchase Price. The Letter of Credit may provide that it may be reduced from time to time to the extent of payments of the Deferred Purchase Price in Good Funds made by Purchaser for Finished Lot Improvements in accordance with the terms, including the payment schedule, set forth in this LDA and the Contract. The Letter of Credit for each Closing shall be returned to Builder, together with an executed reduction certificate reducing the face amount thereof to $0.00, upon payment in full of the Deferred Purchaser Price in Good Funds for all of the Lots in such Closing. Failure by Builder to pay any portion of the Deferred Purchase Price when the same shall become due and payable, provided that at such failure continues for a period of ten days after the delivery of written notice thereof from Developer to Builder, shall entitle Developer to enforce the collection of the delinquent Deferred Purchase Price by drawing upon the Letter of Credit or having the Title Company draw upon the Letter of Credit, and in either event the funds so drawn shall be paid to Developer as payment of any unpaid Deferred Purchase Price and such failure to pay shall be deemed cured. If Developer or Title Company is unable to draw upon the Letter of Credit, Developer may protect and enforce its rights under this LDA pertaining to payment of the Deferred Purchase Price by (i) such suit, action, or special proceedings as Developer shall deem appropriate, including, without limitation, any proceedings for the specific performance of any covenant or agreement contained in this LDA or the Contract or the enforcement of any other appropriate legal or equitable remedy, or for the recovery of actual damages (excluding consequential, punitive damages or similar damages) caused by Builder's failure to pay the Deferred Purchase Price, including reasonable attorneys' fees, and (ii) enforcing Developer's lien rights set forth in this LDA. Developer's remedies are non-exclusive.

7. Expedited Dispute Resolution.

(a) Disputes Related to Material Changes, Draw Requests and Punchlist Items Notwithstanding anything to the contrary herein, disputes related to Material Changes, any Builder Punchlist item or matter, objections to Construction Contracts, determination of Substantial Completion or the amount of or responsibility for Constructing Party Cost Overruns or Builder Cost Overruns ("**Expedited Disputes**") shall all be resolved by an independent, impartial third party qualified to resolve such disputes as determined by the Parties involved in the Expedited Dispute ("**Informal Arbitrator**"). If such Parties cannot agree on an Informal Arbitrator, then the Parties involved shall select one (1) registered engineer and the Builder shall select one (1) registered engineer and the engineers so selected by such Parties shall promptly select an independent, impartial third party qualified to act as the Informal Arbitrator and resolve the Expedited Dispute. Within five (5) business days after a Party delivers a Dispute Notice, the Developer and the Builder shall deliver to the Informal Arbitrator a written statement of how such Party believes the Expedited Dispute should be resolved, together with reasonable supporting documentation of such position ("**Resolution Notice**"). Within ten (10) business days after receipt of Resolution Notices from both such Parties, the Informal Arbitrator shall approve one (1) of the Parties' Resolution Notice and shall deliver written notice of such approval to each Party. The decision of the Informal Arbitrator shall be binding on all Parties with respect to the applicable Expedited Dispute. All Parties shall timely cooperate with the Informal Arbitrator in rendering his or her decision. The party that is not the prevailing party in the resolution of any Expedited Dispute shall promptly pay the Informal Arbitrator's fee, and the prevailing party's other fees and costs of any such expedited dispute resolution process and reasonable attorney's fees. The term "prevailing party" means the party who successfully obtains substantially all of the relief sought by such party or is successful in denying substantially all of the relief sought by the other party. The Parties acknowledge that there is a benefit to the Parties in having work done as expeditiously as possible and that there is a need for a streamlined method of making decisions described in this Section so that work is not delayed. A Party and shall not be entitled to recover from any other Party exemplary, punitive, special, indirect, consequential or any other damages other than actual damages (unless the Informal Arbitrator finds intentional abuse or frustration of the arbitration process) in connection with an Expedited Dispute.

(b) Standards of Conduct. The Parties agree that with respect to all aspects of the expedited dispute resolution process contained herein they will conduct themselves in a manner intended to assure the integrity and fairness of that process. To that end, if an Expedited Dispute is submitted to expedited dispute resolution process, the Parties agree that they will not contact or communicate with the Informal Arbitrator who was appointed with respect to any Expedited Dispute either *ex parte* or outside of the contacts and communications contemplated by this Article 7, and the Parties further agree that they will cooperate in good faith in the production of evidence in a prompt and efficient manner to permit the review and evaluation thereof by the other Parties.

8. Progress Meetings. From and after the date of this LDA and until Substantial Completion of the Improvements, the Parties shall cause their designated representatives to meet within five (5) business days following a request from a Party regarding the status of construction of the Improvements, scheduling and coordination issues, engineering and design issues, and other similar issues. Any Party may change its designated representative under this LDA at any time by written notice to the other parties. The initial designated representative for each Party for the purpose of this Section shall be the individual listed on each Party's respective signature page attached hereto. All inquiries, requests, instructions, authorizations, and other communications with respect to the matters covered by this LDA shall be made to such representatives. Any Party may without further or independent inquiry, assume and rely at all times that the representatives of the other parties designated hereunder have the power and authority to make decisions on behalf of such other parties, to communicate such decisions to the other Party and to bind such Party by his acts and deeds, unless otherwise notified in writing by the Party designating the representative. Any Party may change its representative under this LDA at any time by written notice to the other Parties.

9. Builder's Stormwater Permit Responsibilities. During any Overex construction activities performed on the Builder Lots by Builder and following Substantial Completion of the Improvements and prior to Builder engaging in any construction activities upon the Builder Lots, Builder shall obtain from the Colorado Department of Public Health, Water Quality Control Division, a Colorado Construction Stormwater Discharge Permit issued to Builder with respect to the Builder Lots. No fewer than five (5) business days prior to the initiation of Overex or construction activities on any Builder Lot, Builder shall deliver a copy of at least one (1) of the following documents to Developer:

(i) Such valid Colorado Construction Stormwater Discharge Permit for the Builder Lots;

(ii) A signed notice of reassignment of permit coverage (State of Colorado Form COR030000 or current equivalent), that transfers any pre-existing permit coverage for the Builder Lots; or

(iii) A signed State of Colorado modification form to add the Builder Lots if Builder has an existing site permit with the State of Colorado within the Property.

To the extent required by the County, Builder shall also obtain a Stormwater Quality Permit issued to Builder by the County for the Builder Lots. Builder shall be responsible to obtain and maintain any State of Colorado dewatering permits if required for Builder's further construction within the Builder Lots. If requested by Developer, Builder shall execute a Notice of Property Conveyance and Change in Responsibility for the Colorado Discharge Permit held by Developer or an affiliated entity with respect to the Property. In all cases, Builder shall obtain from the Colorado Department of Public Health & Environment Water Quality Control Division, a Notice of Property Conveyance and Change in Responsibility on a form acceptable to the Colorado Department of Public Health & Environment Water Quality Control Division executed by Builder, for the Colorado Stormwater Discharge Permit held by Developer with respect to the Builder Lots prior to any construction by Builder on the Builder Lots.

(b) Developer's Stormwater Permit responsibilities. Developer shall obtain and comply with all necessary permits related to stormwater and erosion control from all Approving Authorities, in relation to the construction, repair, and maintenance of the Improvements.

10. Notices and Communications. All notices, statements, demands, requirements, approvals or other communications and documents ("**Communications**") required or permitted to be given, served, or delivered by or to any Party or any intended recipient under this LDA shall be in writing and shall be given to the addresses set forth in this Section 10 ("**Notice Address**"). Communications to a Party shall be deemed to have been duly given (i) on the date and at the time of delivery if delivered personally to the Party to whom notice is given at such Party's Notice Address; or (ii) on the date and at the time of delivery or refusal of acceptance of delivery if delivered or attempted to be delivered by an overnight courier service to the Party to whom notice is given at such Party's Notice Address; or (iii) on the date of delivery or attempted delivery shown on the return receipt if mailed to the Party to whom notice is to be given by first-class mail, sent by registered or certified mail, return receipt requested, postage prepaid and properly addressed to such Party at such Party's Notice Address; or (iv) on the date and at the time shown on the facsimile or electronic mail message if telecopied or sent electronically to the number or address designated in such Party's Notice Address and receipt of such telecopy or electronic mail message is electronically confirmed. The Notice Addresses for the Developer is as follows:

To Developer:

PCY Holdings, LLC
Attention: Mark Harding
34501 E. Quincy Ave.
Bldg. 34, Box 10
Watkins, Colorado 80137
Telephone: (303) 292-3456
Facsimile: (303) 292-3475
E-mail: mharding@purecyclewater.com

with a copy to:

Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attention: Rick Rubin, Esq.
Telephone: (303) 292-1200
Email: rrubin@foxrothschild.com

To Builder:

Taylor Morrison of Colorado, Inc.
1420 West Canal Court, Suite 170
Littleton, Colorado 80120
Attention: Tom Hennessy, Division President
Telephone: (303) 325-2426
E-mail: thennessy@taylormorrison.com

with a copy to:

Brier, Irish, Hubbard & Erhart P.L.C.
2400 East Arizona Biltmore Circle, Suite 1300
Phoenix, AZ 85016
Attn: Jeff Hubbard
Telephone: (602) 522-0160
Facsimile: (602) 522-3945
E-mail: jhubbard@bihlaw.com

11. Attorneys' Fees. Except as provided in Section 7(a), should any action be brought in connection with this LDA, including, without limitation, actions based on contract, tort or statute, the prevailing Party in such action shall be awarded all costs and expenses incurred in connection with such action, including reasonable attorneys' fees. The provisions of this Section shall survive the expiration or termination of this LDA.

12. Further Acts. Each of the Parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this LDA.

13. No Partnership; Third Parties. It is not intended by this LDA to, and nothing contained in this LDA shall, create any partnership, joint venture or other arrangement among the Parties hereto. No term or provision of this LDA is intended to, or shall, be for the benefit of any person, firm, organization or corporation not a Party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

14. Entire Agreement; Headings for Convenience Only; Not to be Construed Against Drafter; No Implied Waiver This LDA and all other written agreements among the Parties constitute the entire agreement among the Parties hereto pertaining to the subject matter hereof. No change or addition is to be made to this LDA except by written amendment executed by the Parties. The headings, captions and titles contained in this LDA are intended for convenience of reference only and are of no meaning in the interpretation or effect of this LDA. This LDA shall not be construed more strictly against one (1) Party than another merely by virtue of the fact that it may have been initially drafted by one (1) of the Parties or its counsel, since all Parties have contributed substantially and materially to the preparation hereof. No failure by a Party to insist upon the strict performance of any term, covenant or provision contained in this LDA, no failure by a Party to exercise any right or remedy under this LDA, and no acceptance of full or partial payment owed to a Party during the continuance of any default by the other Party(ies), shall constitute a waiver of any such term, covenant or provision, or a waiver of any such right or remedy, or a waiver of any such default unless such waiver is made in writing by the Party to be bound thereby. Any waiver of a breach of a term or a condition of this LDA shall not prevent a subsequent act, which would have originally constituted a default under this LDA, from having all the force and effect of a default.

15. Governing Law. This LDA is entered into in Colorado and shall be construed and interpreted under the law of the State of Colorado without giving effect to principles of conflicts of law which would result in the application of any law other than the law of the State of Colorado.

16. Severability. If any provision of this LDA is declared void or unenforceable, such provision shall be severed from this LDA and shall not affect the enforceability of the remaining provisions of this LDA.

17. Assignment; Binding Effect. This LDA shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Builder or Developer may assign any of its rights or obligations under this LDA without the prior written consent of the other Party(ies), which consent may be withheld in each Party's sole and absolute discretion; provided, however, that:

(a) Builder may assign, without consent, its rights under this LDA in full, but not in part: (i) to a third party which acquires all of Builder's Builder Lots, or (ii) to an entity that controls, is controlled by, or under common control with, Builder; provided further, however that Developer approves the form of assignment, which approval shall be in Developer's reasonable discretion; and

(b) Developer may assign, without consent, its rights under this LDA: (i) to an entity that controls, is controlled by, or under common control with, Developer; (ii) to any entity that acquires all or substantially all of the Developer's interests in the Builder Lots.

18. Counterparts; Copies of Signatures. This LDA may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. The signature pages from one (1) or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document. This LDA may be executed and delivered by facsimile or by electronic mail in portable document format (.pdf) or similar means and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other party. Upon execution of this LDA by Developer and Builder, Developer shall provide a fully executed copy of this LDA to Builder for its records.

19. Time of the Essence. Time is of the essence for performance or satisfaction of all requirements, conditions, or other provisions of this LDA, subject to any specific time extensions set forth herein.

20. Computation of Time Periods. All time periods referred to in this LDA shall include all Saturdays, Sundays and holidays, unless the period of time specifies business days. If the date to perform any act or give a notice with respect to this LDA shall fall on a Saturday, Sunday or national or state holiday, the act or notice may be timely performed on the next succeeding day which is not a Saturday, Sunday or a national or state holiday.

21. Remedies.

(a) Except as hereinafter provided with regard to Expedited Disputes and the self-help remedy under Section 4.6, if any Party is in default of any of its obligations under this LDA beyond any applicable notice or cure periods, the other Party(ies) may avail itself to any rights and remedies available at law and equity, but may only recover its actual, out-of-pocket damages (excluding any incidental, consequential, speculative, punitive or lost profits damages) incurred as a result of such default. For Expedited Disputes, the sole and exclusive remedy of the Parties is set forth in Section 7 of this LDA, and for Developer Defaults, the sole and exclusive remedy of the Parties is set forth in Section 4.6 of this LDA.

(b) In addition to the remedies permitted under Section 21.1, any claim by Developer against Builder for breach of Builder's obligation hereunder to pay of any portion of the Deferred Purchase Price, together with simple interest at the rate of 12% per annum from the date such payment is due and payable, and all costs and expenses including reasonable attorneys' fees awarded to Developer in enforcing any payment in any suit or proceeding under this LDA, shall constitute a lien ("**Lien**") against the applicable Phase of Builder Lots to which the payment pertains until paid, effective upon the recording of a notice of lien with respect thereto in the Office of the Clerk and Recorder of the County; provided, however, that any such Lien shall be subject and subordinate to (i) liens for taxes and other public charges which by applicable law are expressly made superior, and (ii) all liens recorded in the Office of the Clerk and Recorder of the County prior to the date of recordation of said notice of lien. All liens recorded subsequent to the recordation of the notice of lien described herein shall be junior and subordinate to the Lien. The notice of lien will be signed and acknowledged by Developer and will contain the following: (a) a statement of all amounts due and payable; (b) a description sufficient for identification of the applicable Phase of Builder Lots to which the notice relates; (c) the name of the Builder as owner of such Builder Lots; and (d) the name and address of the Developer causing the notice to be recorded. Developer has the right to enforce the Lien by foreclosing the Lien against the applicable Phase of Builder Lots under the prevailing Colorado law relating to the foreclosure of realty mortgages. Upon the timely curing by the defaulting Builder of any default for which a notice of lien was recorded, the Developer shall record an appropriate release of such notice of lien and Lien. The sale or transfer of a Builder Lot by Builder does not affect the Lien.

22. Jury Waiver. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THE PROVISIONS OF THIS LDA.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this LDA as of the Effective Date first set forth above.

DEVELOPER:

PCY HOLDINGS, LLC

a Colorado limited liability company

By: _____

Name: _____

Title: _____

Designated Representative: _____

BUILDER:

TAYLOR MORRISON, INC.,

a Colorado Corporation

By: _____

Name: _____

Title: _____

Builder's Builder Lots: _____

_____

_____

Designated Representative: _____

List of Exhibits

Exhibit A:	Concept Plan, Takedowns, Phases - Description of Property
Exhibit B:	List of Plans
Exhibit C:	Required Insurance
Exhibit D:	Finished Lot Standard
Exhibit E:	Construction Schedule
Exhibit F:	Initial Budget
Exhibit G:	Wet Utilities – Phased
Exhibit H:	Letter of Credit
Exhibit I:	Joint Improvements Memorandum

Exhibit A
to
Lot Development Agreement

(Description of Property for Each Applicable Phase)

Exhibit B
to
Lot Development Agreement

(List of Plans for Each Applicable Phase)

Improvements to be Constructed by
Developer

[List specific work to be performed]

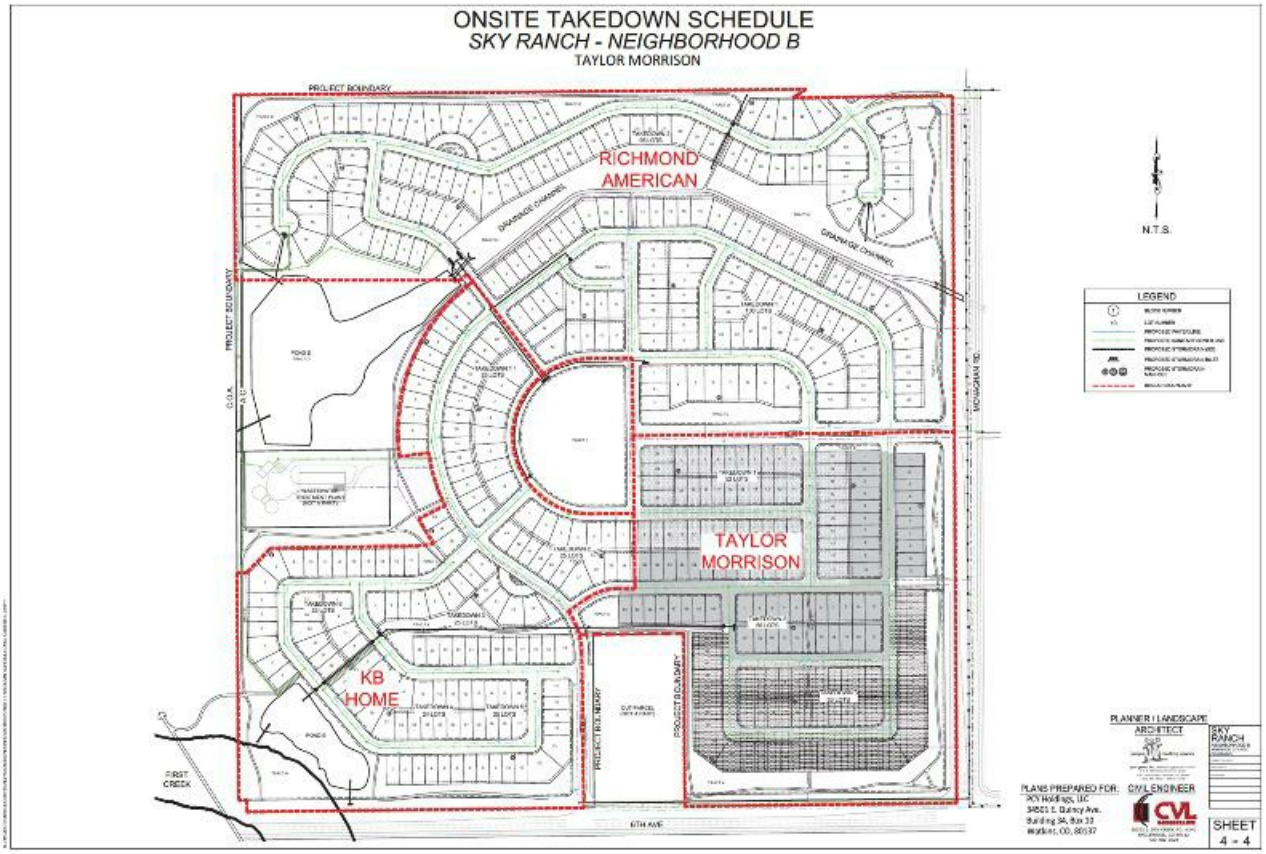


Exhibit C
to
Lot Development Agreement

(Required Insurance)

Developer or the Substitute Constructing Party (as applicable) shall maintain the amounts and types of insurance described below and shall cause the Service Providers to maintain such coverages from insurance companies licensed to do business in the State of Colorado having a Best's Insurance Report Rating of A/VI or better covering the risks described below:

A. Commercial General Liability Insurance (including premises, operations, products, completed operations, and contractual liability coverages) in an amount not less than One Million Dollars ($1,000,000.00) per occurrence, One Million Dollars ($1,000,000.00) personal injury and advertising injury, and Two Million Dollars ($2,000,000.00) General Aggregate.

B. Automobile Liability Insurance for all motor vehicles operated by or for Developer or Substitute Constructing Party, including owned, hired, and non-owned autos, with minimum Combined Single Limit for Bodily Injury and Property Damage of One Million Dollars ($1,000,000.00) for each occurrence.

C. Workers Compensation Insurance for all employees of Developer or Substitute Constructing Party as required by law, to cover the applicable statutory limits in the State of Colorado and employer's liability insurance with limits of liability of not less than One Million Dollars ($1,000,000.00) for bodily injury by accident (each accident) and One Million Dollars ($1,000,000.00) for bodily injury by disease (each employee).

D. With respect to Service Providers that provide professional services (e.g., engineers), professional liability insurance, including prior acts coverage sufficient to cover any and all claims arising out of the services, or a retroactive date no later than the date of commencement of the services, with limits of not less than One Million Dollars ($1,000,000.00) per claim and Two Million Dollars ($2,000,000.00) annual aggregate. The professional liability insurance shall be maintained continuously during the term of the LDA and so long as the insurance is commercially reasonably available, for a period not less than the Government Warranty Period. The professional liability insurance required by this paragraph shall not contain any exclusions or limitations applicable to residential projects.

The following general requirements shall apply to all insurance policies described in this Exhibit.

1. All liability insurance policies, except workers compensation insurance, shall be written on an occurrence basis.

2. All insurance policies required hereunder except Workers Compensation and Employers Liability shall: (i) name the Parties as "additional insureds" utilizing an ACORD form or equivalent acceptable to Developer or Substitute Constructing Party (as applicable), excluding, however, insurance policies of Service Providers who provide professional services whose insurance policies do not permit the designation of additional insureds; (ii) be issued by an insurer authorized in the State of Colorado; and (iii) provide that such policies shall not be canceled or not renewed, nor shall any material change be made to the policy without at least thirty (30) days' prior written notice to the Parties. Each additional insured endorsement (or each policy, by reasonably acceptable endorsement) shall contain a primary insurance clause providing that the coverage afforded to the additional insureds is primary and that any other insurance or self-insurance available to any of the additional insureds is non-contributing. A waiver of subrogation endorsement for the workers' compensation coverage shall be provided in favor of the Parties.

3. The liability insurance policies shall provide that such insurance shall be primary on a non-contributory basis.

4. Service Providers shall provide Developer or Substitute Constructing Party (as applicable) with certificates, or copies of insurance policies if request by the Developer, evidencing the insurance coverages required by this Exhibit in the certificate form described in Item 2 of this Exhibit, prior to the commencement of any activity or operation which could give rise to a loss to be covered by such insurance. Replacement certificates shall be sent to Developer or Substitute Constructing Party (as applicable), as policies are renewed, replaced, or modified.

5. The foregoing insurance coverage must be maintained in force at all times during the construction of the Improvements.

Exhibit D
to
Lot Development Agreement

(Finished Lot Standard)

"Finished Lot Standard" means the following improvements on, to or with respect to the Builder Lots or in public streets or tracts in the locations as required by all Approving Authorities, and substantially in accordance with the Plans:

(i) overlot grading together with corner pins for each Builder Lot installed in place, graded to match the specified Builder Lot drainage template within the Plans (but not any Overex);

(j) water and sanitary sewer mains and other required installations in connection therewith identified in the Plans, valve boxes and meter pits, substantially in accordance with the Plans approved by the Approving Authorities, together with appropriate markers;

(k) storm sewer mains, inlets and other associated storm drainage improvements pertaining to the Builder Lots in the public streets as shown on the Plans;

(l) curb, gutter, asphalt, sidewalks, street striping, street signage, traffic signs, traffic signals (if any are required by the Approving Authorities), and other street improvements, in the private and/or public streets as shown on the Plans;

(m) sanitary sewer service stubs if required by the Approving Authorities, connected to the foregoing sanitary sewer mains, installed into each respective Builder Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the Plans;

(n) water service stubs connected to the foregoing water mains installed into each Builder Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the Plans;

(o) Lot fill in compliance with the geotechnical engineer's recommendation, and with respect to any filled area or compacted area, provide from a Colorado licensed professional soils engineer a HUD Data Sheet 79G Certification (or equivalent) and a certification that the compaction and moisture content recommendations of the soils engineer were followed and that the grading of the respective Lots complies with the approved grading plans, with overlot grading completed in conformance with the approving Authorities approved grading plans within a +/- 0.2' tolerance of the approved grading plans; however, the Finished Lot Standard does not include any Overex;

(p) all storm water management facilities as shown in the Plans; and

(q) Electricity, natural gas, and telephone service will be installed by local utility companies. The installations may not be completed at the time of a Closing, and are not part of the Finish Lot Standard; provided, however, that: (i) with respect to electric distribution lines and street lights, Developer will have signed an agreement with the electric utility service provider and paid all costs and fees for the installation of electric distribution lines and facilities to serve the Builder Lots, and all sleeves necessary for electric, gas, telephone and/or cable television service to the Builder Lots will be installed; (ii) with respect to gas distribution lines, Developer will have signed an agreement with the gas utility service provider and paid all costs and fees for the installation of gas distribution lines and facilities to serve the Builder Lots. Developer will take commercially reasonable efforts to assist Builder in coordinating with these utility companies to provide final electric, gas, telephone and cable television service to the residences on the Builder Lots, however, Builder must activate such services through an end user contract. Builder acknowledges that in some cases the telephone and cable companies may not have pulled the main line through the conduit if no closings of residences have occurred. Notwithstanding the foregoing, if dry utilities have not been installed upon substantial completion of the Improvements required by the Finished Lot Standard, Developer shall be obligated to have contracted for same and paid all costs and fees payable for such installation. Unless Developer has contracted for such installation and paid such costs before the Effective Date, Developer will give Builder notice when such contracts have been entered and such costs paid.

The Finished Lot Improvements do not include (a) the Offsite Infrastructure, which is addressed separately in Section 5 of the Agreement, but it does include such other offsite improvements as are necessary to obtain certificates of occupancy for homes constructed on the Lots, provided that as aforesaid Seller shall only be obligated to complete such improvements within a timeframe so as not to delay issuance of such certificates of occupancy, or (b) common area landscaping which will be installed when required by the County or other applicable Authority so as not to delay the issuance of building permits or certificates of occupancy for residences constructed by Purchaser on the Lots.

The Finished Lot Standard does not include Tree Lawns, which is addressed separately in Section 4.11 of this LDA.

Exhibit E
to
Lot Development Agreement

Construction Schedule

[To be determined]

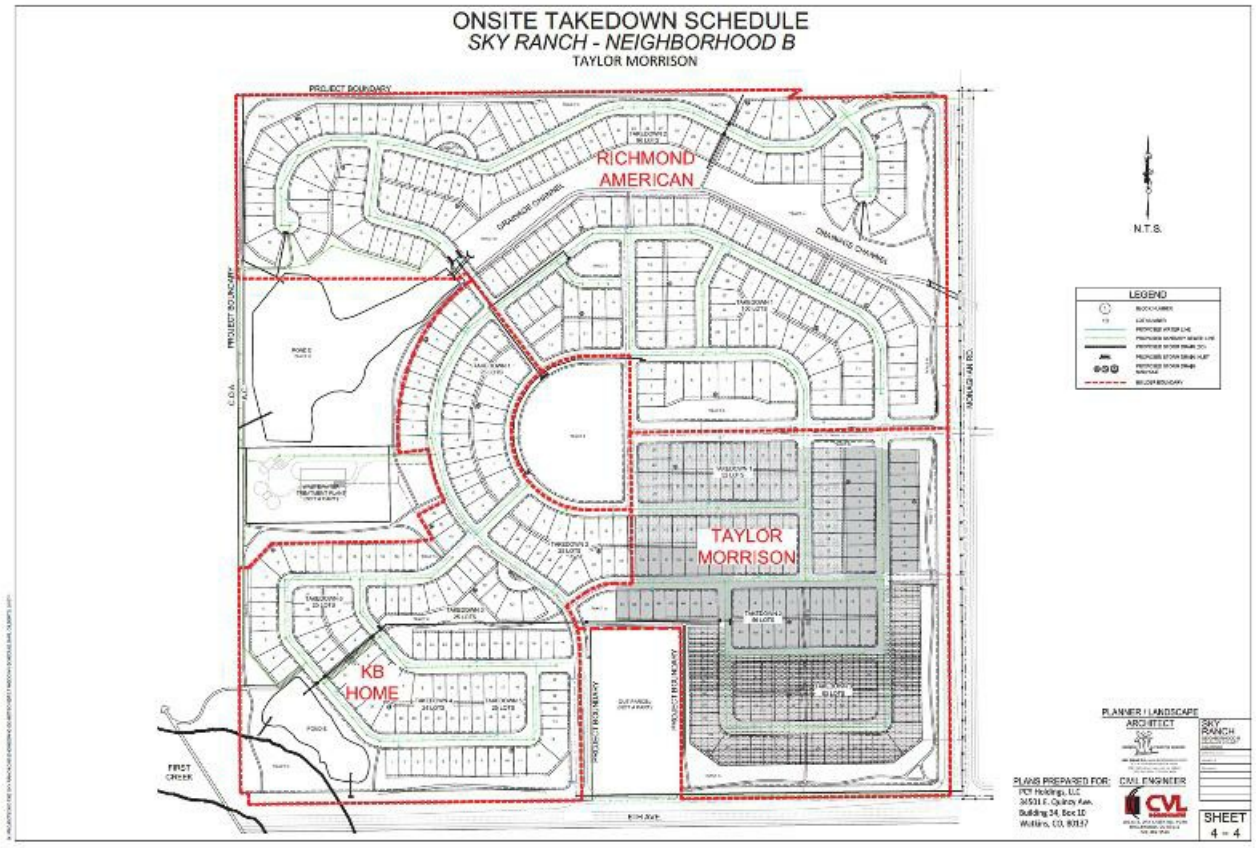
Exhibit F
to
Lot Development Agreement

Budget

[To be determined]

Exhibit G
to
Lot Development Agreement

Wet Utilities



(Sky Ranch Lot Development Agreement)

FORM OF LETTER OF CREDIT

[INSERT BANK NAME]

[INSERT LETTER OF CREDIT DOCUMENT NAME]

_____, 20___

Letter of Credit No. _____

[Insert name/address of Escrow Agent]
_____
_____
_____

Gentlemen/Ladies:

1. At the request and for the account of our customer, *[Insert Owner name]* ("**Owner**"), *[Insert Bank name]* ("**Bank**"), hereby establishes in your favor this *[Insert Letter of Credit Document Name]* ("**Letter of Credit**"). This Letter of Credit is issued to you pursuant to the terms of that certain Joint Development Agreement, wherein Owner is an "**Owner**," *[Insert Contract Administrator name]* is the "**Contract Administrator**," and you are the "**Escrow Agent**" (the "**Joint Development Agreement**"). This Letter of Credit authorizes you to draw on us in amounts which in the aggregate shall not exceed the "**Stated Amount**" of _____ and No/100 Dollars ($_____).

2. You or your duly authorized successor or transferee (including any replacement escrow agent and any court holding this Letter of Credit pursuant to an action) may obtain the funds available under this Letter of Credit by presentment to us, of your sight draft or drafts drawn on us in the form set forth as **Attachment #1** hereto, accompanied by your executed statement certifying that the amount set forth in the draft is immediately due and payable pursuant to the Joint Development Agreement and accompanied by the original of this Letter of Credit and Amendment(s) thereto, if any.

3. This letter of credit may be reduced upon our receipt of a reduction certificate signed by you and by Owner, in the form of **Attachment #2** hereto.

4. We hereby engage with the beneficiary of this Letter of Credit hereof that draft(s) drawn and required documents presented in compliance with the terms contained in this Letter of Credit will be duly honored upon presentation and delivery to _____ on or before the expiration date hereof.

5. Your sight draft will be honored by payment to you of the draft amount in immediately available funds within seven (7) days following presentation. Each draft presented for payment under this Letter of Credit must be dated as of the date of its presentation to us and must be marked conspicuously, "Drawn under *[Insert Bank name] [Insert Letter of Credit Document Name]* No. _____, accompanied by your certification(s) to us stating the following:

   "I am a duly authorized representative of the beneficiary of *[Insert Bank name] [Insert Letter of Credit Document Name]* No. _____ and hereby certify that the amount

drawn hereunder represents funds due under the terms of the Joint Development Agreement.

6. You may draw the full amount of this Letter of Credit or only part of it, in your discretion, provided that drafts honored by us under this Letter of Credit shall not exceed the Stated Amount available to you under this Letter of Credit.

7. This Letter of Credit shall expire not earlier than one (1) year after the date set forth above ("**Initial Expiration Date**"). If Owner does not deliver to you a renewal Letter of Credit at least thirty (30) days prior to the expiration of this Letter of Credit, then, in addition to other rights available to you under the Joint Development Agreement, you shall have the right to draw on this Letter of Credit. [*IF EVERGREEN LOC*: This Letter of Credit is deemed to be automatically extended without amendment for 12 months from the Initial Expiration Date stated above or any future expiration date hereof, as the case may be (each, a "**Scheduled Expiration Date**"), unless at least sixty (60) days prior to the Initial Expiration Date or the then-current Scheduled Expiration Date, the Bank notifies the beneficiary by registered mail or courier service that this Letter of Credit will not be renewed for any such additional period. Any notice of non-renewal hereunder shall be sent to the beneficiary at the address shown above or at such other address as the beneficiary may provide to the Bank in writing, provided that the Bank receives such change of address not later than ten (10) business days before the deadline for the non-renewal notice.

8. We consider this Letter of Credit to be irrevocable and unconditional (except as expressly stated herein) under the terms above mentioned.

9. Unless otherwise expressly stated herein, this irrevocable Standby Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590.

Very truly yours,

[Insert Bank name]

By: _____
Name: _____
Its: _____

ATTACHMENT #1
to
Letter of Credit

Drawn Under *[Insert Bank name]*
[Insert Letter of Credit Document Name]
No. _____

$_____U.S. _____, 200___

To: ***[Insert Bank name]***

Drawn under *[Insert Bank name] [Insert Letter of Credit Document Name]* No. _____

I am a duly authorized representative of the beneficiary of *[Insert Bank name] [Insert Letter of Credit Document Name]* No. _____ and hereby certify that the amount drawn hereunder represents funds due under the terms of the Joint Development Agreement.

Accordingly, please pay to the order of the undersigned, _____ Dollars ($_____).

[Insert Escrow Agent name]

By: _____
Name: _____
Its: _____

ATTACHMENT #2
to
Letter of Credit

Date: _____, 20___

[Insert name/address of Bank] and *[Insert name/address of Owner]*

_____ _____
_____ _____
_____ _____
_____ _____

Ref: Letter of Credit No. _____

As parties to the above referenced Letter of Credit, we request that the following action(s) be taken as evidenced by our signatures below:

Reduce the amount from U.S. $ _____ to U.S. $_____.

Authorization:

[Insert Escrow Agent name] *[Insert Owner name]*

By:_____ By:_____
Name:_____ Name:_____
Title:_____ Title:_____

DATE OF ISSUE:
_____, 20__

DATE OF EXPIRY:
_____, 20___ AT ___:00 PM EASTERN TIME

APPLICANT:
_____ _____, _____

AMOUNT:
USD $_____.00 (_____ _____ AND 00/100 U.S. DOLLARS)

BENEFICIARY:
_____
_____
_____

Exhibit I
to
Lot Development Agreement

Joint Improvements Memorandum

[To be determined]

EXHIBIT G

FORM OF LETTER OF CREDIT

[INSERT BANK NAME]
[INSERT LETTER OF CREDIT DOCUMENT NAME]

_, 20

Letter of Credit No.

[Insert name/address of Escrow Agent]

Gentlemen/Ladies:

1. At the request and for the account of our customer, *[Insert Owner name]* ("**Owner**"), *[Insert Bank name]* ("**Bank**"), hereby establishes in your favor this *[Insert Letter of Credit Document Name]* ("**Letter of Credit**"). This Letter of Credit is issued to you pursuant to the terms of that certain Joint Development Agreement, wherein Owner is an "**Owner**," *[Insert Contract Administrator name]* is the "**Contract Administrator**," and you are the "**Escrow Agen**t" (the "**Joint Development Agreement**"). This Letter of Credit authorizes you to draw on us in amounts which in the aggregate shall not exceed the "**Stated Amount**" of _____ and No/100 Dollars ($_).

2. You or your duly authorized successor or transferee (including any replacement escrow agent and any court holding this Letter of Credit pursuant to an action) may obtain the funds available under this Letter of Credit by presentment to us, of your sight draft or drafts drawn on us in the form set forth as **Attachment #1** hereto, accompanied by your executed statement certifying that the amount set forth in the draft is immediately due and payable pursuant to the Joint Development Agreement and accompanied by the original of this Letter of Credit and Amendment(s) thereto, if any.

3. This letter of credit may be reduced upon our receipt of a reduction certificate signed by you and by Owner, in the form of**Attachment #2** hereto.

4. We hereby engage with the beneficiary of this Letter of Credit hereof that draft(s) drawn and required documents presented in compliance with the terms contained in this Letter of Credit will be duly honored upon presentation and delivery toon or before the expiration date hereof.

5. Your sight draft will be honored by payment to you of the draft amount in immediately available funds within seven (7) days following presentation. Each draft presented for payment under this Letter of Credit must be dated as of the date of its presentation to us and must be marked conspicuously, "Drawn under *[Insert Bank name] [Insert Letter of Credit Document Name]* No. , accompanied by your certification(s) to us stating the following:

"I am a duly authorized representative of the beneficiary of *[Insert Bank name] [Insert Letter of Credit Document Name]*No. and hereby certify that the amount drawn hereunder represents funds due under the terms of the Joint Development Agreement.

6. You may draw the full amount of this Letter of Credit or only part of it, in your discretion, provided that drafts honored by us under this Letter of Credit shall not exceed the Stated Amount available to you under this Letter of Credit.

7. This Letter of Credit shall expire not earlier than one (1) year after the date set forth above (**"Initial Expiration Date**"). If Owner does not deliver to you a renewal Letter of Credit at least thirty (30) days prior to the expiration of this Letter of Credit, then, in addition to other rights available to you under the Joint Development Agreement, you shall have the right to draw on this Letter of Credit. [*IF EVERGREEN LOC*: This Letter of Credit is deemed to be automatically extended without amendment for 12 months from the Initial Expiration Date stated above or any future expiration date hereof, as the case may be (each, a "**Scheduled Expiration Date**"), unless at least sixty (60) days prior to the Initial Expiration Date or the then-current Scheduled Expiration Date, the Bank notifies the beneficiary by registered mail or courier service that this Letter of Credit will not be renewed for any such additional period. Any notice of non-renewal hereunder shall be sent to the beneficiary at the address shown above or at such other address as the beneficiary may provide to the Bank in writing, provided that the Bank receives such change of address not later than ten (10) business days before the deadline for the non-renewal notice.

8. We consider this Letter of Credit to be irrevocable and unconditional (except as expressly stated herein) under the terms above mentioned.

9. Unless otherwise expressly stated herein, this irrevocable Standby Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590.

Very truly yours,

[Insert Bank name]

By:
Name:
Its:

ATTACHMENT #1
to
Letter of Credit

Drawn Under ***[Insert Bank name]***
[Insert Letter of Credit Document Name]
No.

$ U.S. , 200

To: ***[Insert Bank name]***

Drawn under *[Insert Bank name]* *[Insert Letter of Credit Document Name]* No.

I am a duly authorized representative of the beneficiary of *[Insert Bank name]* *[Insert Letter of Credit Document Name]* No. and hereby certify that the amount drawn hereunder represents funds due under the terms of the Joint Development Agreement.

Accordingly, please pay to the order of the undersigned, Dollars ($_____).

[Insert Escrow Agent name]

By: Name: Its:

ATTACHMENT #2
to
Letter of Credit

Date: , 20

[Insert name/address of Bank] and *[Insert name/address of Owner]*

Ref: Letter of Credit No. _____

As parties to the above referenced Letter of Credit, we request that the following action(s) be taken as evidenced by our signatures below:

Reduce the amount from U.S. $_____ to U.S.

$_____ .

Authorization:

[Insert Escrow Agent name]

By: Name: Title:

[Insert Owner name]

By: Name: Title:

DATE OF ISSUE:
, 20__

APPLICANT:
_____,

_____

BENEFICIARY:
_____
_____
_____

DATE OF EXPIRY:
, 20 AT

:00 PM EASTERN TIME

AMOUNT:
USD $ _.00 (

AND 00/100 U.S. DOLLARS)

FIRST AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This First Amendment to Contract for the Purchase and Sale of Real Estate ('First Amendment") is entered into effective as of August 24, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company ("Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on September 20, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This First Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this First Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this First Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

SECOND AMENDMENT
TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Second Amendment to Contract for the Purchase and Sale of Real Estate ('Second Amendment") is entered into effective as of September 19, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company)"Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on October 6, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Second Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Second Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Second Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

THIRD AMENDMENT
TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Third Amendment to Contract for the Purchase and Sale of Real Estate ('Third Amendment") is entered into effective as of October 6, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company)"Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on October 13, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Third Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Third Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Third Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

FOURTH AMENDMENT
TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Fourth Amendment to Contract for the Purchase and Sale of Real Estate ('Fourth Amendment") is entered into effective as of October 13, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company)"Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on October 18, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Fourth Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Fourth Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Fourth Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

FIFTH AMENDMENT
TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Fifth Amendment to Contract for the Purchase and Sale of Real Estate ('Fifth Amendment") is entered into effective as of October 18, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company)"Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on October 20, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Fifth Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Fifth Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Fifth Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

SIXTH AMENDMENT
TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Sixth Amendment to Contract for the Purchase and Sale of Real Estate ('Sixth Amendment") is entered into effective as of October 20, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company)"Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on October 31, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Sixth Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Sixth Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Sixth Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

SEVENTH AMENDMENT
TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Seventh Amendment to Contract for the Purchase and Sale of Real Estate ('Seventh Amendment") is entered into effective as of October 20, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company)"Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on November 3, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Seventh Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Seventh Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Seventh Amendment.

Seller:
PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Its: President

Purchaser:
Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Its: Vice President

EIGHTH AMENDMENT

TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Eighth Amendment to Contract for the Purchase and Sale of Real Estate (`Eighth Amendment") is entered into effective as of November 3, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company ("Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

1. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on November 7, 2017.

2. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Eighth Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Eighth Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Eighth Amendment.

Seller:

PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Name: Mark Harding

Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Name: Phillip R. Cross

NINTH AMENDMENT

TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

This Ninth Amendment to Contract for the Purchase and Sale of Real Estate ("Ninth Amendment") is entered into effective as of November 7, 2017, by and between Taylor Morrison of Colorado, Inc. a Colorado corporation ("Purchaser"), and PCY Holdings LLC, a Colorado limited liability company ("Seller"), and amends that certain Contract for Purchase and Sale of Real Estate between Purchaser and Seller dated effective June 27, 2017 (the "Agreement"), as follows:

3. Due Diligence Period. The Due Diligence Period is hereby extended and shall expire on November 10, 2017.

4. Miscellaneous. Except as stated herein, the Agreement shall remain in full force and effect and is hereby ratified and approved. This Ninth Amendment may be signed in counterpart. Fax copies and electronically scanned copies of the executed signature pages of this Ninth Amendment shall be effective and binding upon the parties as if such signatures were original signatures. Any capitalized term used herein without definition shall have the meaning state in the Agreement.

[Balance of Page Intentionally left Blank; Signature Page Follows]

In witness whereof, Purchaser and Seller have executed this Ninth Amendment.

Seller:

PCY Holdings LLC, a Colorado limited liability company

By: /s/ Mark Harding

Name: Mark Harding

Taylor Morrison of Colorado, Inc., a Colorado corporation

By: /s/ Phillip R. Cross

Name: Phillip R. Cross

Exhibit 10.21

PCY HOLDINGS, LLC

and

KB HOME COLORADO INC.

CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE

(Sky Ranch)

Table of Contents

DEFINITIONS

"Alternative Service" shall have the meaning set forth in Exhibit C.
"Architectural Review Committee" shall have the meaning set forth in Section 12(d).
"Authorities" and "Authority" shall have the meaning set forth in the Recitals.
"BMPs" shall have the meaning set forth in Section 28(x).
"Board" shall have the meaning set forth in Section 16(b).
"CDs" shall have the meaning set forth in Section 5(a)(i).
"Closed" shall have the meaning set forth in Section 7.
"Closing Date" shall have the meaning set forth in Section 8(b).
"Closing Purchase Price Payment" shall have the meaning set forth in Section 2(a).
"Closing" shall have the meaning set forth in Section 7.
"Communication Improvements" shall have the meaning set forth in Section 20.
"Communications" shall have the meaning set forth in Section 28(j).
"Completion Notice" shall have the meaning set forth in Section 5(b).
"Confidential Information" shall have the meaning set forth in Section 28(bb).
"Continuation Notice" shall have the meaning set forth in Section 10(a).
"Contract" shall have the meaning set forth in the Recitals.
"County Records" shall have the meaning set forth in Section 5(a)(i).
"County" shall have the meaning set forth in the Recitals.
"Deposit" shall have the meaning set forth in Section 3(a).
"Design Guidelines" shall have the meaning set forth in Section 12(d).
"Development" shall have the meaning set forth in the Recitals.
"District Improvements" shall have the meaning set forth in Section 16(b).
"District" shall have the meaning set forth in Section 9(d).
"Due Diligence Period" shall have the meaning set forth in Section 10(a).
"Easement" shall have the meaning set forth in Section 20.
"Effective Date" shall have the meaning set forth in the Recitals.
"Entitlements" shall have the meaning set forth in Section 5(a)(i).
"Environmental Claim" shall have the meaning set forth in Section 10(h).
"Environmental Laws" shall have the meaning set forth in Section 10(g).
"EPA" shall have the meaning set forth in Section 10(c).

"Escalator" shall have the meaning set forth in Section 2(b).
"Feasibility Review" shall have the meaning set forth in Section 10(a).
"Filing" and "Filings" shall have the meaning set forth in the Recitals.
"Final Approval" shall have the meaning set forth in Section 5(a)(ii).
"Final Plat" shall have the meaning set forth in Section 5(a)(i).
"Final Subdivision Documents" shall have the meaning set forth in Section 5(a)(i).
"Finished Lot Improvement Deadline" shall have the meaning set forth in Section 8(b).
"Finished Lot Improvements" shall have the meaning set forth in the Recitals.
"First Closing" shall have the meaning set forth in Section 1.
"Force Majeure" shall have the meaning set forth in Section 13.
"General Assignment" shall have the meaning set forth in Section 8(d)(iii)(9).
"Good Funds" shall have the meaning set forth in Section 2(a).
"Government Warranty Period" shall have the meaning set forth in Exhibit C, Section 6(a).
"Governmental Warranty" shall have the meaning set forth in Exhibit C, Section 6(a).
"Hazardous Materials" shall have the meaning set forth in Section 10(g).
"Homebuyer Disclosure" shall have the meaning set forth in Section 12(e).
"House Plans" shall have the meaning set forth in Section 12(d)(i).
"Infrastructure Improvements" shall have the meaning set forth in Section 17.
"Lien Affidavit" shall have the meaning set forth in Section 4(a).
"Lot" and "Lots" shall have the meaning set forth in the Recitals.
"Lotting Diagram" shall have the meaning set forth in the Recitals.
"Master Commitment" shall have the meaning set forth in Section 4(a).
"Master Covenants" shall have the meaning set forth in Section 4(d).
"Master Declaration" shall have the meaning set forth in Section 4(d).
"Metro District Payments" shall have the meaning set forth in Section 16(b).
"New Exception Objection" shall have the meaning set forth in Section 4(b).
"New Exception Review Period" shall have the meaning set forth in Section 4(b).
"New Exceptions" shall have the meaning set forth in Section 4(b).
"NOI" shall have the meaning set forth in Section 28(x).
"Non-Government Warranty Period" shall have the meaning set forth in Exhibit C, Section 6(b).
"Non-Government Warranty" shall have the meaning set forth in Exhibit C, Section 6(b).

"Non-Seller Caused Exceptions" shall have the meaning set forth in Section 4(b).
"NORM" shall have the meaning set forth in Section 10(c).
"OFAC" shall have the meaning set forth in Section 22.
"Offsite Infrastructure Escrow Agreement" shall have the meaning set forth in Exhibit C.
"Other New Exceptions" shall have the meaning set forth in Section 4(b).
"Overex" shall have the meaning set forth in Section 10(e).
"Permissible New Exceptions" shall have the meaning set forth in Section 4(b).
"Permitted Exceptions" shall have the meaning set forth in Section 9.
"PIF Percentage" shall have the meaning set forth in Section 9(e).
"Property" shall have the meaning set forth in the Recitals.
"Public Improvement Fee" or "PIF" shall have the meaning set forth in Section 9(e).
"Public Improvements" shall have the meaning set forth in Exhibit C, Section 6(a).
"Punch-List Items" shall have the meaning set forth in Section 5(b).
"Purchase Price" shall have the meaning set forth in Section 2.
"Purchaser Parties" shall have the meaning set forth in Section 10(i).
"Purchaser's Geotechnical Reports" shall have the meaning set forth in Section 10(e).
"Purchaser's SWPPP" shall have the meaning set forth in Section 28(x).
"Purchaser" shall have the meaning set forth in the Recitals.
"Rangeview" shall have the meaning set forth in Section 16(a).
"Records" shall have the meaning set forth in Section 3(d)(i).
"Release" shall have the meaning set forth in Section 3(d)(i).
"Representatives" shall have the meaning set forth in Section 28(bb).
"SDF" shall have the meaning set forth in Section 16(c)(iii).
"SDP Criteria" shall have the meaning set forth in Section 12(d).
"Second Closing" shall have the meaning set forth in Section 1.
"Seller Caused Exception" shall have the meaning set forth in Section 4(b).
"Seller Cure Period" shall have the meaning set forth in Section 4(b).
"Seller Documents" shall have the meaning set forth in Section 10(a).
"Seller Party" or "Seller Parties" shall have the meaning set forth in Section 10(h).
"Seller's Actual Knowledge" shall have the meaning set forth in Section 11(h).
"Seller's Condition Precedent" shall have the meaning set forth in Section 6(a).

"Seller's Deed of Trust" shall have the meaning set forth in Section 3(d)(i).
"Seller's Note" shall have the meaning set forth in Section 3(d)(i).
"Seller's Representations" shall have the meaning set forth in Section 11.
"Seller" shall have the meaning set forth in the Recitals.
"SFD 45' Lots" shall have the meaning set forth in the Recitals.
"Sidewalks" shall have the meaning set forth in Exhibit C, Section 5.
"Sky Ranch" shall have the meaning set forth in the Recitals.
"Survey" shall have the meaning set forth in Section 4(a).
"SWPPP" shall have the meaning set forth in Section 28(x).
"Takedown 1 Finished Lot Improvement Deadline" shall have the meaning set forth in Section 8(b).
"Takedown 1 Closing Date" shall have the meaning set forth in Section 8(b).
"Takedown 1 Lots" shall have the meaning set forth in the Recitals.
"Takedown 2 Closing Date" shall have the meaning set forth in Section 8(b).
"Takedown 2 Closing" shall have the meaning set forth in Section 8(b).
"Takedown 2 Lots" shall have the meaning set forth in the Recitals.
"Takedown 3 Closing Date" shall have the meaning set forth in Section 8(b).
"Takedown 3 Closing" shall have the meaning set forth in Section 8(b).
"Takedown 3 Lots" shall have the meaning set forth in the Recitals.
"Takedown Commitment" shall have the meaning set forth in Section 4(b).
"Takedown" shall have the meaning set forth in the Recitals.
"Tap Purchase Agreement" shall have the meaning set forth in Section 16(a).
"Third Closing" shall have the meaning set forth in Section 1.
"Title Company" shall have the meaning set forth in Section 4(a).
"Title Objections" shall have the meaning set forth in Section 4(a).
"Title Policy" shall have the meaning set forth in Section 4(a).
"Tree Lawns" shall have the meaning set forth in Exhibit C, Section 5.

CONTRACT FOR PURCHASE
AND SALE OF REAL ESTATE

THIS CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Contract**") is entered into as of the last date of the signatures hereto (the "**Effective Date**"), by and between PCY HOLDINGS, LLC, a Colorado limited liability company ("**Seller**"), and KB HOME COLORADO INC., a Colorado corporation ("**Purchaser**").

WHEREAS, Seller is developing a master planned residential community to be known as "**Sky Ranch**" which is located in Arapahoe County, Colorado ("**County**"). The Sky Ranch master planned residential community may also be referred to herein as the "**Development**". The preliminary concept map for Phase A of the Development is depicted on **Exhibit A** attached hereto. The Development is being platted in several subdivision filings and developed in phases. Each subdivision filing is hereinafter sometimes respectively referred to as a "**Filing**" and collectively as "**Filings**".

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase and obtain from Seller, approximately 149 platted single family detached residential lots (individually referred to as a "**Lot**" and collectively as the "**Lots**") in the Development which will be finished in accordance with this Contract and which will be used for the construction of single family residential dwellings upon the terms and conditions set forth in this Contract.

WHEREAS, Seller is selling residential lots within the Development to multiple homebuilders, including Purchaser. The Lots to be sold by Seller and acquired by Purchaser that are located within the Development shall be hereinafter collectively referred to as the "**Property**." The Lots will be conveyed at one or more Closings as more particularly provided herein and each such Closing may be referred to herein as a "**Takedown.**" The Lots which are to be conveyed at the first Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 1 Lots**"; the Lots which are to be conveyed at the second Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 2 Lots**"; and the Lots which are to be conveyed at the third Closing shall be sometimes hereinafter collectively referred to as the "**Takedown 3 Lots**"; the Lots which are to be conveyed at the fourth Closing shall be sometimes hereafter collectively referred to as the "**Takedown 4 Lots**"; the Lots which are to be conveyed at the fifth Closing shall be sometimes hereafter collectively referred to as the "**Takedown 5 Lots**"; and the Lots which are to be conveyed at the sixth Closing shall be sometimes hereafter collectively referred to as the "**Takedown 6 Lots.**"

WHEREAS, as of the Effective Date, the Lots have not been subdivided pursuant to a recorded final subdivision plat. The number and location of the Lots to be acquired by Purchaser are generally depicted on the preliminary concept map for Phase A of the Development attached hereto as **Exhibit A** (the "**Lotting Diagram**"). The precise number, dimension and location of the Lots will be established by the Final Plat (hereafter defined) for such Lots at the time it is approved by the County and/or any other relevant governmental authority (collectively, the "**Authorities**" and each an "**Authority**"). As of the Effective Date, the parties anticipate that Purchaser will acquire approximately 149 Lots, of which approximately 103 are approximately 45 feet wide by approximately 110 feet deep for the construction of single family detached homes ("**SFD 45' Lots**") and approximately 46 Lots are approximately 50 feet wide by approximately 110 feet deep for the construction of single-family detached homes (**SFD 50' Lots**").

WHEREAS, the Lots which are acquired at each Closing will be finished lots and Seller will construct or cause to be constructed certain infrastructure improvements for the Lots as described on **Exhibit C** attached hereto (the "**Finished Lot Improvements**").

1. Purchase and Sale. The Property shall be purchased at six (6) Closings. Subject to the terms and conditions of this Contract, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, on or before the dates set forth in Section 6(b) below, the Lots in each Takedown, as generally depicted on the Lotting Diagram and as follows:

At the Takedown 1 Closing ("**First Closing**"), twenty (25) Lots of which 9 are SFD 45' Lots and 16 are SFD 50' Lots;

At the Takedown 2 Closing ("**Second Closing**"), twenty-four (25) Lots of which 15 are SDF 45' Lots and 10 are SFD 50' Lots;

At the Takedown 3 Closing ("**Third Closing**"), twenty-four (25) Lots of which 25 are SFD 45' Lots and 0 are SFD 50' Lots;

At the Takedown 4 Closing ("**Fourth Closing**"), twenty-four (24) Lots of which 24 are SFD 45' Lots and 0 are SFD 50' Lots;

At the Takedown 5 Closing ("**Fifth Closing**"), twenty-four (25) Lots of which 25 are SFD 45' Lots and 0 are SFD 50' Lots; and

At the Takedown 6 Closing ("**Sixth Closing**"), twenty-four (25) Lots of which 5 are SFD 45' Lots and 20 are SFD 50' Lots.

Notwithstanding the foregoing, however, the parties acknowledge and agree that the parties shall negotiate during the Due Diligence Period to reach agreement on a mutually acceptable site plan for the Lots and that the exact number and location of the Lots within each Takedown are subject to adjustment based upon the approval by the Authorities of the Final Plat (as hereinafter defined) that includes the Lots to be acquired by Purchaser at each Takedown. The precise number, dimension (subject to the provisions of this Contract), location and legal description of the Lots will be established at the time the Final Plat for such Lots is approved by the County and/or any other Authority, and upon approval of each such Final Plat the parties shall execute an amendment to this Contract setting forth the legal description of those Lots included in the approved Final Plat.

2. Purchase Price.

The purchase price to be paid by Purchaser to Seller for each Lot (the "**Purchase Price**") shall consist of the Closing Purchase Price Payment (as hereinafter defined). The Purchase Price for each Lot shall be calculated as provided in the following Section 2(a) and shall be subject to adjustment as provided in Section 2(b) below:

(a) Purchase Price Payments. For each Lot the Purchase Price shall be the "**Closing Purchase Price Payment**" of Sixty Seven Thousand Five Hundred and 00/100 Dollars ($67,500.00) for each SFD 45' Lot and Seventy Five Thousand and 00/100 Dollars ($75,000.00) for each SFD 50' Lot, to be paid by Purchaser to the Title Company as escrow agent for the benefit of Seller at the applicable Closing by wire transfer or other immediately available and collectible funds ("**Good Funds**") (subject to adjustment as hereinafter provided in Section 2(b) of this Contract);

(b) Purchase Price Escalator. The Purchase Price of each Lot that is acquired at any Closing after the First Closing will increase by an amount equal to the amount of simple interest that would accrue on the Purchase Price for a Lot for the period elapsing between the date that the First Closing occurs until the date the applicable Closing occurs, at a per annum rate equal to two and one-half percent (2.5%) (the "**Escalator**"). By way of example and for clarification purposes only, if the Purchase Price of a Lot at the Closing of the Takedown 1 Lots is $67,500, then at a subsequent Closing occurring 12 months (365 days) following the date of the closing of the Takedown 1 Lots, the Purchase Price for a Lot at such subsequent Closing will be $69,187.50, which is calculated as follows: $67,500 + ($67,500 x ..025) = $69,187.50.

3. Payment of Purchase Price. The Purchase Price for each of the Lots, as determined pursuant toSection 2 above, shall be payable as follows:

(a) Earnest Money Deposit. Within three (3) business days following the Effective Date, Purchaser shall deliver to the Title Company (as defined in Section 4(a) hereof) an earnest money deposit in the amount of $100,000.00 ("**Initial Deposit**"). Within three (3) business days following the expiration of the Due Diligence Period, Purchaser shall deliver to Title Company an additional earnest money deposit in the amount $100,000.00 ("**Second Deposit**"). Within three (3) business days following Final Approval (as hereinafter defined) of the FDP (as hereinafter defined), Purchaser shall deliver to Title Company an additional earnest money deposit in the amount of $200,000.00 ("**Final Deposit**"). The Title Company will act as escrow agent and invest the earnest money deposits in a federally insured institution at the highest money market rate available. The Initial Deposit, the Second Deposit, the Final Deposit and all interest earned thereon shall be referred to herein as the "**Deposit**." The Deposit shall be paid in Good Funds. The Deposit will be applied to the Closing Purchase Price Payment for the Takedown 6 Lots. If this Contract is terminated prior to the Deposit being fully applied to the Purchase Price at the last Closing, the Deposit shall be paid to Seller, except as provided elsewhere herein.

(b) Closing Purchase Price Payment. That portion of the Purchase Price for each Lot that is identified as the Closing Purchase Price Payment in Section 2 above shall be paid by Purchaser to Seller at the Closing of the applicable Lot.

4. Seller's Title.

(a) Preliminary Title Commitment. Within ten (10) business days after the Effective Date, Seller shall furnish to Purchaser, at Seller's expense, a current commitment (the "**Master Commitment**") for an ALTA Title Policy ("**Title Policy**") for the Property issued by Land Title Guarantee Company ("**Title Company**") and underwritten by First American Title Insurance Company, together with copies of the instruments listed in the schedule of exceptions in the Master Commitment. If the Master Commitment contains any exceptions from coverage which are unacceptable to Purchaser, then Purchaser shall object to the condition of the Master Commitment in writing within forty-five (45) days of Purchaser's receipt of the Master Commitment together with copies of all documents constituting exceptions to title (the "**Title Objections**"). Upon receipt of the Title Objections, Seller may, at its option and at its sole cost and expense, clear the title to the Property of the Title Objections. In the event Seller fails, or elects not to clear the title to the Property of the Title Objections on or before the date that is ten (10) days before the expiration of the Due Diligence Period, the Purchaser, as its sole remedy, may elect before the expiration of the Due Diligence Period either: (i) to terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser, Purchaser shall return to Seller all information and materials received by Purchaser from Seller pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 12(c) below; or (ii) to waive such objections and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the title matters as to which its Title Objections have been waived. If Purchaser fails to provide the Title Objections prior to the expiration of the above-referenced sixty (60) day period required by this Section 4(a), Purchaser shall be deemed to have elected to waive its objections as described in the preceding clause. If Purchaser fails to notify Seller of its election to terminate this Contract or waive it objections, Purchaser shall be deemed to have elected to waive its objections to any title matter that Seller has failed or elected not to cure. Seller shall release any monetary lien caused or created by Seller against the Property with respect to that portion of the Property to be acquired at a particular Closing, other than non-delinquent real estate taxes and assessments and Permitted Exceptions, and such monetary liens shall not constitute Permitted Exceptions (as hereinafter defined). At each Closing, Seller shall execute and deliver the Title Company's standard form mechanic's lien affidavit (the "**Lien Affidavit**") in connection with the standard printed exception for liens arising against the Lots purchased at the Closing for work or materials ordered or contracted for by Seller, and to the extent required by the Title Company a commercially reasonable indemnity agreement (the "**Title Company Indemnity**"), provided, however, if Purchaser determines during the Due Diligence Period that the Title Company refuses or is unwilling to delete the standard printed exception for liens as part of extended coverage despite Seller's offer to execute and deliver the Lien Affidavit and Title Company Indemnity, then Purchaser will have the right to terminate this Contract on or before the expiration of the Due Diligence Period whereupon the Deposit will be returned to Purchaser, or Purchaser may proceed with the Closing in which event the Title Policy will contain, and the Lots will be conveyed subject to, the standard printed exception for liens unless the Title Company thereafter agrees thereafter to delete such lien exception, however, the Purchaser shall have no further termination rights if the Title Company does not agree to do so. Seller shall request that the Takedown Commitment (as hereinafter defined) provide for the deletion of the other standard printed exceptions from the Title Policy as part of extended coverage (provided that Seller's only obligation with respect thereto shall be to provide a copy of Seller's existing survey ("**Survey**"), if any, of the land that contains the Lots, obtain and furnish a plat certification issued by a licensed surveyor, and to execute the Title Company's Lien Affidavit with respect to Seller's acts, in form and substance reasonably acceptable to Seller). Seller has no obligation to provide a new Survey or to update any existing Survey.

(b) Subsequently Disclosed Exceptions. Not less than fifteen (15) days prior to the applicable Closing, in conjunction with Seller's delivery of the applicable Completion Notice (hereafter defined), Seller shall provide the Plat Certification (hereafter defined) and request the Title Company issue an updated title commitment for that portion of the Property to be acquired at such Closing (each a "**Takedown Commitment**"), together with copies of any additional instruments listed in the schedule of exceptions which are not reflected in the Master Commitment furnished pursuant to Section 4(a) above or in any prior Takedown Commitment. Additional items disclosed by a Takedown Commitment that affect title to the subject Property are referred to as "**New Exceptions**". New Exceptions affecting title to the subject Property that are approved or deemed approved by the provisions of this Contract are referred to as "**Permissible New Exceptions**" and all other New Exceptions are referred to as "**Other New Exceptions**". Purchaser has no right to object to any Permissible New Exception. Purchaser shall have a period of seven (7) days from the date of its receipt of such Takedown Commitment and a copy of the New Exceptions (the "**New Exception Review Period**") to review and to approve or disapprove any Other New Exceptions. If the Other New Exception is unacceptable to Purchaser, Purchaser shall object to the Other New Exception in writing within seven (7) days from the date of Purchaser's receipt of the Takedown Commitment, together with a copy of the New Exceptions (the "**New Exception Objection**"). Upon receipt of the New Exception Objection, Seller shall cure the New Exception Objection (by deletion or, with Purchasers approval, insuring over or endorsement) to the extent that such Other New Exception was caused or created by Seller ("**Seller Caused Exception**"). If the New Exception Objection relates to an Other New Exception that was not caused by Seller ("**Non-Seller Caused Exception**"), Seller may, at its sole discretion, cure the New Exception Objection, within fifteen (15) days of receipt of the New Exception Objection ("**Seller Cure Period**") and the applicable Closing Date will be extended to accommodate the Seller Cure Period. In the event Seller fails, or elects not to cure a Non-Seller Caused Exception within such fifteen (15) day period, the Purchaser, as its sole remedy, may elect within five (5) days after the end of the Seller Cure Period either: (i) to terminate this Contract as to the Lots affected by such New Exception, in which event the Deposit shall be returned to Purchaser and the parties shall have no further rights or obligations under this Contract as to such Lots not theretofore purchased; or (ii) to waive such objection and proceed with the acquisition of the Lots in such Takedown, in which event Purchaser shall be deemed to have approved the New Exception. If Purchaser fails to notify Seller of its election to terminate this Contract as to the applicable Lots in accordance with the foregoing sentences within five (5) days after the expiration of the Seller Cure Period (i) Purchaser shall be deemed to have elected to waive its objections as described in the preceding sentences (ii), and all such items shall be deemed to be Permitted Exceptions.

(c) Permitted Exceptions; Additional Easements. Seller shall convey title to the Lots included in each Takedown of the Property to Purchaser at the Closing for such Takedown subject to the Permitted Exceptions described in Section 9 hereof. Prior to each such Closing, Seller shall have the right, subject to the limitations set forth below and in **Exhibit B** and provided Seller shall advise and provide copies of same to Purchaser promptly after Seller becomes aware of same, to utilize the reservation of rights set forth on **Exhibit B** hereof, to convey additional easements as Permissible New Exceptions to utility and cable service providers, governmental or quasi-governmental Authorities, metropolitan, water and sanitation districts, homeowners associations or property owners associations or other entities that serve the Development or adjacent property for construction of utilities and other facilities to support the Development or such adjacent property, including but not limited to sanitary sewer, water lines, electric, cable, broad-band and telephone transmission, storm drainage and construction access easements across the Property not yet acquired by Purchaser, allowing Seller or its assignees the right to install and maintain sanitary sewer, water lines, cable television, broad-band, electric, telephone and other utilities on the Property and on the adjacent property owned by Seller and/or its affiliates, and further, to accommodate storm drainage from the adjacent property. Such easements shall require the restoration of any surface damage or disturbance caused by the exercise of such easements, shall not be located within the building envelope of any Lot, shall not materially and adversely affect the value, use or enjoyment of (i) the Lots affected or the remaining portion of the Property on which such easements are to be located, or (ii) any adjoining property of Purchaser.

(d) Master Covenants. Prior to the Takedown 1 Closing, Seller shall, subject to the limitations set forth below, prepare covenants, conditions and restrictions for the Development or the portion thereof in which the Property is located (the "**Master Declaration**") incorporating architectural and design standards and guidelines, use limitations and restrictions and which may establish an owners association or provide that the District shall administer the Master Declaration, among other matters, together with such supplemental declarations as may have been or may be recorded to subject the Property to the provisions of the Master Declaration (collectively, the "**Master Covenants**"). Seller shall provide a draft of the Master Covenants in substantially the form to be recorded to Purchaser for Purchaser's review not less than twenty (20) days prior to the expiration of the Due Diligence Period. If the Master Covenants contain any provisions which are unacceptable to Purchaser in Purchaser's reasonable discretion, Purchaser shall object to such provisions with particularity in writing within ten (10) days of receipt of the draft Master Covenants. Upon receipt of such objection, Seller may, at its option, modify the objectionable provisions of the Master Covenants within ten (10) days of receipt of such objection from Purchaser. In the event Seller fails or elects in its discretion not to modify the objectionable provisions of the Master Covenants within such ten (10) day period, Purchaser shall have the right as its sole remedy to elect either: (i) to terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser, Purchaser shall return to Seller all information and materials received by Purchaser from Seller pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 12(c) below; or (ii) to waive any objections to the Master Covenants and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the Master Covenants as to which its objections have been waived. If Purchaser fails to provide written notice to Seller of its objection to the Master Covenants within ten (10) days of receipt of the draft Master Covenants as required by this Section 4(d), Purchaser shall be deemed to have elected to waive its objections as described in the preceding clause and the Master Covenants shall be deemed to be Permitted Exceptions. Seller shall be permitted to revise the Master Covenants at any time before the initial Closing under this Contract without the consent of Purchaser, provided that any such revisions have no material adverse effect on the Lots acquired or to be acquired by Purchaser, the Purchaser's approved product or the Purchaser's cost to construct such approved product on such Lots, and Seller will give Purchaser notice at least five (5) business days prior to the First Closing of any revisions to the Master Covenants.

(e) Title Policy. Within a reasonable time after each Closing, Seller, at its expense, shall cause the Title Company to deliver a Title Policy, insuring Purchaser's title to the Property conveyed at such Closing, pursuant to the applicable Takedown Commitment and subject only to the Permitted Exceptions, and shall pay the premium for the basic policy at such Closing. The Title Policy shall provide insurance in an amount equal to the Purchase Price for all Lots purchased at such Closing. Each Title Policy shall include extended coverage subject to the provisions of Section 4(a) hereof. At each Closing, Seller shall offer to execute and deliver a Lien Affidavit and Title Company Indemnity, and shall obtain and furnish a plat certification issued by a licensed surveyor, as provided in Section 4(a) above. Purchaser shall pay any fees charged by the Title Company to delete the standard pre-printed exceptions. Purchaser shall pay for the premiums for any endorsements requested by Purchaser, except that Seller shall pay for any endorsements that Seller agrees to provide in order to cure a Title Objection.

5. Seller Obligations. Seller shall have the following obligations:

(a) Entitlements.

(i) Existing Entitlements. The County previously approved the following entitlements for the Property (collectively, the "**Existing Entitlement Documents**"): a Preliminary Plat and a Preliminary Development Plan. Seller shall provide a copy of the Existing Entitlement Documents to Purchaser as part of the Seller Documents.

(i i) Platting and Entitlements. Seller shall be responsible, at Seller's sole cost and expense, for preparing and processing in a commercially reasonable manner and timeframe, and diligently pursuing and obtaining Final Approval (as defined below) from the County and any other appropriate Authority and recording in the records of the Clerk and Recorder of the County (the "**County Records**"), as may be required, the following for each respective Takedown: (i) a specific development plan that includes the Property ("**SDP**"); (ii) an administrative site plan ("**ASP**") and final subdivision plat or plats for each Filing within the Property (each a "**Final Plat**"); (iii) the public improvement construction plans relating to such Final Plat ("**CDs**"); and (iv) the development or subdivision improvement agreement associated with such Final Plat and other similar documentation required by the Authorities in connection with approval of such Final Plat (collectively, such documents are referred to, with respect to each Takedown, as the "**Final Subdivision Documents**" and together with the Existing Entitlement Documents, collectively, the "**Entitlements**" for such Takedown). The Final Subdivision Documents shall substantially comply with the Preliminary Development Plan and the Lotting Diagram, shall provide that each of the SFD 45' Lots are approximately 45 feet wide by approximately 110 feet deep, and the SFD 50' Lots are approximately 50 feet wide by approximately 110 feet deep, with a building envelope on SFD 45' Lots that is not less than 35' wide and not less than 40' wide on SFD 50' Lots (after taking into consideration applicable setbacks), and the Final Subdivision Documents shall not impose new or additional requirements upon Buyer the cost of which is expected to exceed $3,000 for any Lot. Seller shall use commercially reasonable efforts to have the Entitlements for each Takedown, respectively, approved by the Authorities and recorded as necessary in the County Records with applicable governmental or third-party appeal or challenge periods applicable to an approval decision of the Board of Commissioners or Planning Commission having expired without any appeal then-pending ("**Final Approval**"). Once Seller obtains Final Approval of an SPD and other Entitlements for a Takedown, Seller shall maintain same in full force and effect for the term of this Contract and provide to all applicable Authorities any subdivision improvement guarantees or similar financial assurances required with respect to such Entitlements. If Final Approval of the Entitlements applicable to the Takedown 1 Lots has not been achieved as aforesaid on or before nine (9) months after the Effective Date, then Seller, in its discretion, shall have the right to extend the date for obtaining such Final Approval for a period not to exceed six (6) months after the initial nine (9) month period by providing written notice to Purchaser prior to the expiration of such nine (9) month period. If Seller shall not secure such Final Approval of the Takedown 1 Lots by the expiration of the initial nine (9) month period and shall fail to exercise such extension, each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser. If Seller extends the time period for obtaining Final Approval of the Takedown 1 Lots, then during such extended time period Seller shall use commercially reasonable efforts to obtain Final Approval of such Entitlements, and failing which, Seller shall not be in default of its obligations under this Contract (unless Seller failed to use commercially reasonable efforts to obtain Final Approval of such Entitlements), but this Contract shall terminate in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser. The timing for Final Approval of the Entitlements for Takedowns after Takedown 1 is as set forth in Section 6(b)(i) hereof. During the approval process, Seller shall keep Purchaser reasonably informed of the process and the anticipated results therefrom and provide Purchaser with reasonable documentation relating to same. Purchaser, at no material cost to Purchaser (other than costs incurred to obtain services that could reasonably be performed or provided in-house), shall cooperate with Seller in Seller's efforts to obtain Final Approval of the Entitlements by the County.

(ii) Lot Minimums for each Takedown. The Final Plat(s) for the Property and the Lots are anticipated to be in a form which is substantially consistent, with respect to the number of Lots, with the Lotting Diagram, subject to changes made necessary by the Authorities and/or final engineering decisions which are necessary to properly engineer, design, and install the improvements in accordance with the requirements of the County and other applicable Authorities.

(b) Finished Lot Improvements.

(i) Seller shall cause to be Substantially Completed (as hereinafter defined) prior to each applicable Closing the Finished Lot Improvements (as defined in **Exhibit C**), with the exception of Punch-List Items (hereafter defined), for the Lots being purchased and acquired by Purchaser at each Closing. Notwithstanding the foregoing and the agreement that Seller only need to Substantially Complete the Finished Lot Improvements prior to each applicable Closing, all of the Finished Lot Improvements remain Seller's responsibility and same are to be completed by Seller in accordance with applicable laws, codes, regulations and governmental requirements for the Property. Seller will notify Purchaser when the Finished Lot Improvements have been Substantially Completed. Seller shall give Purchaser ten (10) business days written notice ("**Completion Notice**") when Seller believes that it has Substantially Completed the Finished Lot Improvements for the Lots to be acquired at a Takedown, and the parties shall then conduct a walk-through inspection of the applicable Lots to confirm whether or not the Finished Lot Improvements are Substantially Complete and can be used for their intended purpose, and prepare a punch-list of any non-material items that have not been Substantially Completed and the effect of which the County will not withhold building permits for the Lots to be acquired at such Closing due to failure of the same to have been completed (the "**Punch-List Items**"). Seller shall use good faith efforts to complete any unfinished Punch-List Items before the scheduled Closing. Notwithstanding the foregoing or anything to the contrary set forth herein, Seller may elect to Substantially Complete such unfinished Punch-List Items within ninety (90) days after the scheduled Closing. Seller's obligation to Substantially Complete any Punch-List Items (as well as Seller's obligation to complete all Finished lot Improvements), shall survive the Closings. After obtaining Final Approval of all necessary Entitlements for the applicable Lots, Seller agrees to commence and diligently pursue Substantial Completion of the Finished Lot Improvements, subject to Force Majeure, and so long as Purchaser does not otherwise default under this Contract beyond the any applicable cure periods set forth in this Contract. Notwithstanding anything to the contrary including any Punch-List Items, if an Authority grants preliminary approval or construction acceptance to any of the Finished Lot Improvements, or if the engineer issues a certification with respect to the grading, fill and compaction in accordance with item (g) of **Exhibit C**, then for the purposes of the walk-through inspection and preparation of the Punch List Items, the Finished Lot Improvements for which an Authority grants preliminary approval or construction acceptance or for which the engineer issues a certification with respect to the grading, fill and compaction in accordance with item (g) of **Exhibit C** will be presumed to have been Substantially Completed in accordance with applicable laws, codes, regulations and governmental requirements for the Property, subject to completion of any punch list provided by the approving Authority and both the Governmental Warranty and Non-Government Warranty as described in Section 6 of **Exhibit C**.

(ii) Definition of Substantial Completion. "**Substantial Completion**" or "**Substantially Completed**" or "**Substantially Complete**" with respect to the Finished Lot Improvements (or applicable component thereof) shall mean and be deemed to have occurred when all of the following have occurred with respect to the Finished Lot Improvements (or applicable component thereof):

(1) Seller has completed or corrected all punchlist items provided by the Authorities such that same have been accepted and approved by the Authorities and the Punch-List Items prepared by the Parties affecting the Finished Lot Improvements (or applicable component thereof) to the extent required so that Purchaser is not precluded from obtaining from the Authorities building permits for houses constructed, or to be constructed, on any Lots solely as a result of items (or applicable component thereof) on either punchlist not being complete;

(iii) The Finished Lot Improvements (or applicable component thereof) have been installed pursuant and in accordance with the CDs and the applicable requirements of the Authorities to the extent required so that Purchaser is not precluded from obtaining from the Authorities building permits for houses constructed, or to be constructed, on any Lots solely as a result of such Improvements (or applicable component thereof) not being complete;

(iv) Any Finished Lot Improvements (or applicable component thereof) that are intended to be dedicated to or accepted by an Approving Authority shall have been inspected and preliminarily accepted by the applicable Authority (subject to the Government Warranty Period (as defined below)); except that those Finished Lot Improvements that are (x) to be phased, if any, as set forth in the Entitlements, or (y) not necessary or required by the Authority to occur prior to issuance of a building permit or certificate of occupancy for Homes on the Lots, consisting of (i) certain landscape, irrigation and park improvements (ii) installation of monuments, site signage, street lighting, common area fencing, mailboxes and other site amenities, if any; (iii) dry utilities (gas, electric, telephone and cable television services) as described in Exhibit C; (iv) a final lift of asphalt on streets; (v) installation of common area improvements and subsequent dedications of such improvements, for example, trails, open space improvements and related landscape, which will be completed when required by the County; (vi) any other infrastructure improvements required by the Entitlements that are required for the issuance of certificates of occupancy for residences, but not building permits, on the Lots (collectively, the "**Additional Improvements**"), will not be required to achieve Substantial Completion, but Seller shall nevertheless be required to complete construction and obtain acceptance of such Additional Improvements by the applicable Authority after Substantial Completion at such time as is required by the applicable Authorities and so that Purchaser is not precluded from obtaining from the Authorities building permits or certificate of occupancy for houses constructed, or to be constructed, on any Lots solely as a result of such Additional Improvements (or applicable component thereof) not being complete.

(v) No mechanics' or materialmen's liens shall have then been filed against any of the Lots with respect to the Finished Lot Improvements and lien waivers have been obtained from the contractors that constructed the Finished Lot Improvements (or applicable portion thereof), or the Seller has obtained a bond to insure over any such mechanics' or materialmen's liens.

(vi) With respect to any Improvements that are required by the CD's or other Entitlements and the applicable requirements of the Authorities or that are required by the subdivision improvement agreement applicable to the Lots but which are not addressed as part of or included in the definition of the Finished Lot Improvements, and any other improvements which are not required for the issuance of building permits but which are required by the Authorities so that homes and other improvements constructed by Purchaser on the Lots are eligible for the issuance of certificates of occupancy for homes, the Seller shall complete or cause the completion of such other improvements, to the extent required by the Authorities, so as not to delay the issuance of certificates of occupancy for homes constructed by Purchaser on the Lots.

(vii) The Alternative Service (as defined in Exhibit C) has been completed as necessary to service the Lots being purchased subject to the provisions of Exhibit C.

6. Pre-Closing Conditions.

(a) Seller's Conditions. Seller's obligations to close the First Closing is contingent upon satisfaction of the following condition ("**Seller's Condition Precedent**"), which shall be in accordance with Seller's requirements to be pursued by Seller in good faith using commercially reasonable efforts:

(i) That Purchaser and other homebuilders are under contract to purchase at least 200 of the residential lots in the Development. If for any reason, other than Seller's fault or exercise of its discretion, this Seller's Condition Precedent is not satisfied on or before the date required for Final Approval of the Entitlements under Section 5(a), Seller may terminate this Contract (in which event the Deposit shall be returned to Purchaser), or elect, by written notice to Purchaser at least ten (10) days after the date required for Final Approval of the Entitlements under Section 5(a), to waive the condition and proceed to the First Closing, or elect to extend the applicable deadline for a period of time not to exceed 90 days by giving written notice to Purchaser on or before the respective deadline set forth above, during which time Seller shall use commercially reasonably efforts to cause such condition to be satisfied.

(b) Purchaser's Conditions. It shall be a condition precedent to Purchaser's obligation to close each Takedown, that the following conditions have been satisfied:

(i) Final Approval of the Entitlements for each respective Takedown by the County and all other applicable Authorities and recordation of such Entitlements in the County Records as may be required by the County on or before a date which is sufficient to allow Seller to satisfy Purchaser's condition precedent in Section 6(b)(ii) below, and such Entitlements remain in force and effect on the applicable Closing Date;

(ii) Substantial Completion of the Finished Lot Improvements for the applicable Takedown on or before the applicable Finished Lot Improvement Deadline (as hereinafter defined);

(iii) Seller's representations and warranties set forth herein shall be materially true and correct as of each Closing;

(iv) The Title Company shall be committed to issue to Purchaser, as soon as reasonably possible following each Closing Date, the applicable Title Policy, subject only to the Permitted Exceptions accepted by Purchaser in accordance with the provisions of this Contract.

(v) There shall have been no material adverse change to the Property.

(vi) Seller has obtained and delivered to Purchaser and Title Company a Plat Certification for the Final Plat.

(vii) If Purchaser delivered its proposed House Plans (hereafter defined) to Seller, receipt of written approval of same from Seller as provided in Section 12(d)(i) of this Contract.

(viii) The parties shall have agreed upon the form of Homebuyer Disclosure.

If the foregoing Purchaser's conditions precedent are not satisfied on or before each respective Closing Date, Purchaser may as its sole remedy hereunder terminate this Contract as to such Takedown and any remaining Takedowns by written notice to Seller, delivered on or before the applicable Closing Date, in which case each party shall thereupon be relieved of all further obligations and liabilities under this Contract, except as otherwise provided herein, and the Deposit shall be returned to Purchaser, but if the failure of Purchaser's conditions precedent are as a result of Seller's default hereunder, Purchaser also shall have the rights and remedies of Section 27(b). Failure to give notice as described above shall be an irrevocable waiver of Purchaser's right to terminate this Contract as to the affected Takedown pursuant to this Section 6(b). A Seller notice to extend given to Purchaser pursuant to Section 6(a) above has precedence and controls over any termination notice given by Purchaser to Seller pursuant to this Section 6(b).

7. Closing. "**Closing**" shall mean the delivery to the Title Company of all applicable documents and funds required to be delivered pursuant toSection 8 hereof, unconditional authorization of the Title Company to disburse, deliver and record the same, and recording of the deed conveying the Lots to Purchaser. The purchase of Lots at the closing of a Takedown shall be deemed to be "**Closed**" when the documents and funds required to be delivered pursuant toSection 8 hereinafter have been delivered to the Title Company, and the Title Company agrees to unconditionally to disburse, deliver and record the same, and the deed has been recorded.

8. Closings; Closing Procedures.

(a) On each respective Closing Date, Purchaser shall purchase the number of Lots that Purchaser is obligated to acquire hereunder in the applicable Takedown.

(b) Closing Dates. The date of the First Closing of the purchase and sale of the Takedown 1 Lots shall be the date that is five (5) business days after the parties have completed the list identifying the Punch-List Items have been determined pursuant to Section 5(B), all of which is to occur after Seller provided Purchaser with the Completion Notice, Plat Certification and Takedown Commitment for the Takedown 1 Lots. If substantial completion of the Finished Lot Improvements with issuance of the Completion Notice for the Takedown 1 Lots has not been achieved by the date that is twelve (12) months after the date that the Continuation Notice is delivered to Seller for the Takedown 1 Lots (the "**Takedown 1 Finished Lot Improvement Deadline**"), then the Closing Date of the First Closing may be extended by Seller up to four (4) months after the Takedown 1 Finished Lot Improvement Deadline by written notice from Seller to Purchaser issued prior to the initial Takedown 1 Finished Lot Improvement Deadline. Such date of Closing is herein referred to as the "**Takedown 1 Closing Date**." The date of the Second Closing of the purchase and sale of the Takedown 2 Lots (the "**Takedown 2 Closing**") shall be the date that is nine (9) months after the date that the First Closing occurs or such other date as Seller and Purchaser may mutually agree. Such date of Closing is herein referred to as the "**Takedown 2 Closing Date**." The date of the Third Closing of the purchase and sale of the Takedown 3 Lots (the "**Takedown 3 Closing**") shall be the date that is six (6) months after the date that the Second Closing occurs or such other date as Seller and Purchaser may mutually agree. Such date of Closing is herein referred to as the "**Takedown 3 Closing Date**." The date of the Fourth Closing of the purchase and sale of the Takedown 4 Lots (the "**Takedown 4 Closing**") shall be the date that is six (6) months after the date that the Third Closing occurs or such other date as Seller and Purchaser may mutually agree. Such date of Closing is herein referred to the "**Takedown 4 Closing Date**." The date of the Fifth Closing of the purchase and sale of the Takedown 5 Lots (the "**Takedown 5 Closing**") shall be the date that is six (6) months after the date that the Fourth Closing occurs or such other date as Seller and Purchaser may mutually agree. Such date of Closing is herein referred to the "**Takedown 5 Closing Date**." The date of the Sixth Closing of the purchase and sale of the Takedown 6 Lots (the "**Takedown 6 Closing**") shall be the date that is six (6) months after the date that the Fifth Closing occurs or such other date as Seller and Purchaser may mutually agree. Such date of Closing is herein referred to the "**Takedown 6 Closing Date**." The term "**Closing Date**" may be used to refer to each of the Takedown 1 Closing Date, the Takedown 2 Closing Date, the Takedown 3 Closing Date, the Takedown 4 Closing Date, the Takedown 5 Closing Date and the Takedown 6 Closing Date. If Purchaser desires to accelerate any of the Closing Dates, Purchaser may request that a Closing Date be accelerated, and if Seller is willing to do so in its sole and absolute discretion, the parties will work together to prepare a mutually acceptable amendment to this Contract to accommodate such request. The Finished Lot Improvements for the Takedown 2 Lots, the Takedown 3 Lots, the Takedown 4 Lots, the Takedown 5 Lots and the Takedown 6 Lots shall be Substantially Complete on or before ten (10) business days prior to the applicable Closing (such dates with the Takedown 1 Finished Lot Improvements Deadline are referred to as a "**Finished Lot Improvement Deadline**"). The Takedown 2 Closing Date, the Takedown 3 Closing Date, the Takedown 4 Closing Date, the Takedown 5 Closing Date and the Takedown 6 Closing Date are each subject to extension by Seller, inclusive of Force Majeure extensions, of up to four (4) months in the same manner as provided above for the Takedown 1 Closing Date. If requested by Purchaser during the Due Diligence Period, Seller will consider adjusting the foregoing schedule to align same with Purchaser's proposed phasing schedule, but any such adjustment shall be in Seller's and Purchaser's sole discretion and, if made, shall be made in writing by amendment to this Contract.

(c) Closing Place and Time. Each Closing shall be held at 11:00 a.m. on the applicable Closing Date at the offices of the Title Company or at such other time and place as Seller and Purchaser may mutually agree.

(d) Closing Procedures. Each purchase and sale transaction shall be consummated in accordance with the following procedures:

(i) All documents to be recorded and funds to be delivered hereunder shall be delivered to the Title Company to hold, deliver, record and disburse in accordance with closing instructions approved by Purchaser and Seller;

(ii) At each Closing, Seller shall deliver or cause to be delivered in accordance with the closing instructions the following:

(1) A special warranty deed conveying the applicable portion of the Property to be acquired at such Closing to Purchaser. The special warranty deed shall contain a reservation of easements, minerals, mineral rights and water and water rights as set forth on **Exhibit B**. The special warranty deed shall also be subject to non-delinquent general real property taxes for the year of such Closing and subsequent years, District assessments and the Permitted Exceptions.

(2) Payment (from the proceeds of such Closing or otherwise) sufficient to satisfy any encumbrance relating to the portion of the Property being acquired at such Closing, required to be paid by Seller at or before the time of Closing.

(3) A tax certificate or other evidence sufficient to enable the Title Company to ensure the payment of all general real property taxes and installments of District assessments then due and payable for the portion of the Property being acquired at such Closing.

(4) An affidavit, in a form sufficient to comply with applicable laws, stating that Seller is not a foreign person or a foreign corporation subject to the Foreign Investment in Real Property Tax Act, and therefore not subject to its withholding requirements.

(5) A certification or affidavit to comply with the reporting and withholding requirements for sales of Colorado properties by non-residents (Colorado Department of Revenue Form DR-1083).

(6) A Lien Affidavit and Title Company Indemnity.

(7) A partial assignment of declarant rights or builder rights under the Master Covenants, assigning declarant and/or builder rights, if any, from Seller to Purchaser as necessary to enable Purchaser to maintain sales offices, construction offices, management offices, model homes and signs advertising the Development and/or Lots and take other action as is customary for the construction, advertising and sales of homes, and such other rights to which the parties may mutually agree.

(8) The Tap Purchase Agreement (as defined herein).

(9) A general assignment to Purchaser in the form attached hereto as **Exhibit D** ("**General Assignment**") with respect to the applicable Lots.

(10) The Offsite Infrastructure Escrow Agreement (as defined in Exhibit C) if not theretofore entered.

(11) Such other documents as may be required to be executed by Seller pursuant to this Contract or the closing instructions.

(iii) At each Closing, Purchaser shall deliver or cause to be delivered in accordance with the closing instructions the following:

(1) The Purchase Price payable at such Closing, computed in accordance with Section 2 above, for the Lots being acquired at such Closing, such payment to be made in Good Funds.

(3) The Tap Purchase Agreement.

(4) All other documents required to be executed by Purchaser pursuant to the terms of this Contract or the closing instructions.

(5) Payment of any amounts due pursuant to Section 16 hereof.

(6) The Offsite Infrastructure Escrow Agreement (if Buyer desires to join same via joinder).

(iv) At each Closing, Purchaser and Seller shall each deliver an executed settlement statement, which shall set forth all prorations, disbursements of the Purchase Price and expenses applicable to such Closing;

(vi) The following adjustments and prorations shall be made between Purchaser and Seller as of each Closing:

(1) Real property taxes and installments of District assessments, if any, for the applicable portion of the Property for the year in which the Closing occurs shall be prorated based upon the most recent known rates, mill levy and assessed valuations; and such proration shall be final.

(2) Seller shall pay real property taxes for years prior to the year in which the Closing occurs.

(3) Purchaser shall pay any and all recording costs and documentary fees required for the recording of the deed.

(4) Seller shall pay the base premium for the Title Policy and for any endorsement Seller agrees to provide to cure a Title Objection, and Purchaser shall pay the premium for any other endorsements requested by Purchaser in accordance with Section 4 above, including an extended coverage endorsement.

(5) Each party shall pay one-half (1/2) of any closing or escrow charges of the Title Company.

(6) All other costs and expenses not specifically provided for in this Contract shall be allocated between Purchaser and Seller in accordance with the customary practice of commercial real estate transactions in Arapahoe County, Colorado.

(vii) Possession of the applicable portion of the Property being acquired at each Closing shall be delivered to Purchaser at such Closing, subject to the Permitted Exceptions.

9. Seller's Delivery of Title. At each Closing, Seller shall convey title to the applicable portion of the Property, subject to the following items, to the extent that they have been approved, or are deemed to have been approved by Purchaser pursuant to the terms of this Contract (collectively, the "**Permitted Exceptions**"):

(a) all easements, agreements, covenants, restrictions, rights-of-way and other matters of record approved or deemed approved by Purchaser in accordance with Section 4 above (unless otherwise identified herein as an obligation, fee or encumbrance to be assumed by Purchaser or which otherwise survives such Closing, the foregoing items, however, shall not include any mortgages, deeds of trust, mechanic's liens or judgment liens arising by, through or under Seller, which monetary liens Seller shall cause to be released (or with Buyer's approval fully insured over by the Title Company), to the extent they affect any portion of the Property, on or prior to the date that such portion of the Property is conveyed to Purchaser);

(b) the Entitlements, including without limitation, the Final Plat applicable to the Property being acquired at such Closing;

(c) the Master Covenants;

(d) the inclusion of the Property into the Sky Ranch Metropolitan District (the "**District**") and such other special districts as may be disclosed by the Master Commitment;

(e) A Public Improvement Fee Covenant substantially in the form provided by Seller to Buyer by email on May 20, 2017 or as otherwise approved by the parties prior to the expiration of the Due Diligence Period with respect to construction and installation of eligible public improvements on the Property, which imposes a public improvement fee equal to a percentage (the "**PIF Percentage**") of all sales that occur on the Property that is one percentage point less than the total sales tax imposed on taxable sales occurring in that portion of the City of Aurora, Colorado located within the boundaries of the County and the PIF Percentage of the cost of building materials (the "**Public Improvement Fee**" or "**PIF**"). The PIF will be collected by (i) all sellers or providers of goods or services who engage in any PIF sales transactions within those portions of the Property subject to the PIF Covenant from the purchaser or recipient of such goods or services and (ii) all homebuilders and then will be paid over to the PIF collection agent. The PIF collection agent will receive and remit the Public Improvement Fee to the Seller or District. PIF sales shall not include the sale of residential improvements or any goods incident to the sale of residential improvements. It is expected the Public Improvement Fee Covenant will provide and allow for Buyer to make a single payment at the issuance of a building permit for each home based on the construction valuation of the home.

(f) A reservation of water and mineral rights as set forth on **Exhibit B** hereof;

(g) applicable zoning and governmental regulations and ordinances;

(h) title exceptions, encumbrances, or other matters created by, through or under Purchaser or otherwise approved by Purchaser in writing;

(i) items apparent upon an inspection of the Property or shown or that would be shown on an accurate and current survey of the Property as of the end of the Due Diligence Period; and

(j) any Permissible New Exception, any Other New Exception approved or deemed approved by Purchaser, and any other document required or permitted to be recorded against the Property in the County Records pursuant to the terms of this Contract..

10. Due Diligence Period; Acceptance of Property; Release and Disclaimer.

(a) Feasibility Review. Within five (5) business days following the Effective Date, Seller shall deliver or make available (at Seller's office, via electronic file share or other means) to Purchaser the following listed items to the extent in Seller's actual possession; if an item listed below is not in Seller's possession and not delivered or made available to Purchaser but is otherwise readily available to Seller, then Purchaser may make written request to Seller to provide such item and Seller will use its reasonable efforts to obtain and deliver or make such item available to Purchaser, but Seller will have no obligation otherwise to obtain any item not in Seller's possession: (i) any environmental reports, soil reports and certifications pertaining to the Lots, (ii) a copy of any subdivision plat for the Property and the current version of all Entitlements, (iii) engineering and construction plans pertaining to the Lots, (iv) biological, grading, drainage, hydrology and other engineering reports and plans and engineering and constructions plans for offsite improvements that are required to obtain building permits/certificates of occupancies for single-family detached homes constructed on the Lots; (v) any PUD, Development Agreement, Site Development Plans and other approvals or pending Entitlement applications pertaining to the Lots particularly and the Development generally; (vi) any Special District Service Plans; (vii) any existing ALTA or other boundary Survey of the Property; and (viii) copies of any subdivision bonds or guarantees applicable to the Lots (collectively, the "**Seller Documents**"). In the event Seller received any update to the Seller Documents, Seller shall deliver same promptly to Purchaser. Purchaser shall have a period expiring sixty (60) calendar days following the Effective Date of this Contract within which to review the same (the "**Due Diligence Period**"). During the Due Diligence Period, Purchaser shall have an opportunity to review and inspect the Property, all Seller Documents provided or made available to Purchaser and any and all factors deemed relevant by Purchaser to its proposed development and the feasibility of Purchaser's intended uses of the Property in Purchaser's sole and absolute discretion (the "**Feasibility Review**"). The Feasibility Review shall be deemed to have been completed to Purchaser's satisfaction if Purchaser gives written notice to Seller of its election to continue this Contract ("**Continuation Notice**") prior to the expiration of the Due Diligence Period. If Purchaser fails to timely give a Continuation Notice or if Purchaser gives a notice of its election to terminate (which may be given at any time prior to the end of the Due Diligence Period, for any reason or no reason), the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-proprietary and non-confidential information otherwise obtained by Purchaser and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 24 below.

(b) Approval of Property. If Purchaser gives a Continuation Notice on or before the expiration of the Due Diligence Period, except as otherwise provided in this Section 10, Purchaser shall be deemed to have waived Feasibility Review and elected to continue this Contract and proceed as provided hereunder.

(c) Radon. Purchaser acknowledges that radon gas and naturally occurring radioactive materials ("**NORM**") each naturally occurs in many locations in Colorado. The Colorado Department of Public Health and Environment and the United States Environmental Protection Agency (the "**EPA**") have detected elevated levels of naturally occurring radon gas in residential structures in many areas of Colorado, including the County and all of the other counties along the front range of Colorado. The EPA has raised concerns with respect to adverse effects on human health from long-term exposure to high levels of radon and recommends that radon levels be tested in all Residences. Purchaser acknowledges that Seller neither claims nor possesses any special expertise in the measurement or reduction of radon or NORM. Purchaser further acknowledges that Seller has not undertaken any evaluation of the presence or risks of radon or NORM with respect to the Property nor has it made any representation or given any other advice to Purchaser as to acceptable levels or possible health hazards of radon and NORM. SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRESENCE OR ABSENCE OF RADON, NORM OR OTHER ENVIRONMENTAL POLLUTANTS WITHIN THE PROPERTY OR THE RESIDENCES TO BE CONSTRUCTED ON THE LOTS OR THE SOILS BENEATH OR ADJACENT TO THE PROPERTY OR THE RESIDENCES TO BE CONSTRUCTED ON THE LOTS PRIOR TO, ON OR AFTER THE CLOSING DATE. Purchaser, on behalf of itself and its successors and assigns, hereby releases the Seller from any and all liability and claims with respect to radon gas. Every home sales contract entered in to by Purchaser with respect to subsequent sales of Lots shall include any disclosures with respect to radon as required by applicable Colorado law.

(d) Soils. Purchaser acknowledges that soils within the State of Colorado consist of both expansive soils and low-density soils, and certain areas contain potential heaving bedrock associated with expansive, steeply dipping bedrock, which will adversely affect the integrity of a dwelling unit constructed on a Lot if the dwelling unit and the Lot on which it is constructed are not properly maintained. Expansive soils contain clay mineral, which have the characteristic of changing volume with the addition or subtraction of moisture, thereby resulting in swelling and/or shrinking soils. The addition of moisture to low-density soils causes a realignment of soil grains, thereby resulting in consolidation and/or collapse of the soils. Purchaser agrees that it shall obtain a current geotechnical report for the Property and an individual lot soils report for each Lot containing design recommendations from a licensed geotechnical engineer for all structures to be placed upon the Lot. Purchaser shall require all homes to have engineered footing and foundations consistent with results of the individual lot soils report for each Lot and shall take reasonable action as shall be necessary to ensure that the homes to be constructed upon the Lots shall be done in accordance with proper design and construction techniques. Purchaser shall also provide a copy of the geotechnical report for the Property and the individual lot soils report for each Lot to Seller within seven (7) days after Seller's request for the same, and agrees in the event that this Contract terminates for any reason Purchaser shall use reasonable efforts to assign, without liability or recourse to Purchaser, at Seller's request, the geotechnical report for the Property and the individual lot soils report for each Lot to any subsequent homebuilder who enters into a purchase and sale agreement with Seller to purchase all of a portion of the Lots. SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRESENCE OR ABSENCE OF EXPANSIVE SOILS, LOW-DENSITY SOILS OR DIPPING BEDROCK UPON THE PROPERTY AND PURCHASER SHALL UNDERTAKE SUCH INVESTIGATION AS SHALL BE REASONABLE AND PRUDENT TO DETERMINE THE EXISTENCE OF THE SAME. Purchaser shall provide all disclosures required by C.R.S. Section 6-6.5-101 in every home sales contract entered in to by Purchaser with respect to subsequent sales of a Lot to a homebuyer. Purchaser, on behalf of itself and its successors and assigns, hereby releases the Seller from any and all liability and claims with respect to expansive and low-density soils and dipping bedrock located within the Property. Purchaser shall also indemnify, defend and hold all Seller Parties harmless from and against any claims asserted by all subsequent owners of the Lots relating to geotechnical or soils conditions on the Lots; provided that Purchaser is not required to indemnify consultants, contractors and subcontractors who contract with Seller and who perform services or supply labor, materials, equipment, and other work relating to geotechnical or soils conditions on the Lots that is necessary for the Lots to satisfy the requirements set forth herein.

(e) Over Excavation. The Finished Lot Improvements required for each Lot do not include any "over excavation" or comparable preparation or mitigation of the soil (the "**Overex**") on the Property and Purchaser shall have sole responsibility at Purchaser's sole expense with respect to the Overex and shall have the right (pursuant to a license agreement to be provided by Seller) to enter such Lots for the purposes of performing the Overex; provided, however, that such entry shall be performed in a manner that does not materially interfere with or result in a material delay or an increase in the costs or any expenses in the construction of the Finish Lot Improvements, and provided further that Purchaser shall promptly repair any portion of the Lots and adjacent property that is materially damaged by Purchaser or its agents, designees, employees, contractors, or subcontractors in performing the Overex. Purchaser shall obtain, at its cost, a current geotechnical report for the Property and an individual lot soils report for each Lot containing design recommendations from a licensed geotechnical engineer for all structures to be placed upon the Lot ("**Purchaser's Geotechnical Reports**") shall not rely upon any geotechnical or soils report furnished by Seller, and Seller shall have no responsibility or liability with respect to the Overex, Purchaser's Geotechnical Reports or any matters related thereto. The parties shall reasonably cooperate in coordinating Purchaser's completion of the Overex so that the Overex can be properly sequenced with Seller's completion of the Finished Lot Improvements. In no event shall the Seller be liable to Purchaser for any delay or costs or damages incurred by Purchaser with respect to such Overex, even if caused by any delay in installation of Finished Lot Improvements sequenced ahead of the Overex. THE PARTIES ACKNOWLEDGE AND AGREE THAT SELLER IS NOT PERFORMING ANY OVER-EXCAVATION OF THE LOTS AND THAT SELLER SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO OR ARISING OUT OF ANY OVER-EXCAVATION OF THE LOTS OR EXPANSIVE SOILS PRESENT ON THE LOTS AND SELLER EXPRESSLY DISCLAIMS ANY LIABILITY WITH RESPECT TO ANY OVER-EXCAVATION OF THE LOTS AND EXPANSIVE SOILS PRESENT ON THE LOTS.

(f) No Reliance on Documents. Except for and subject to the representations, warranties, covenants and agreements of Seller expressly stated in this Contract and/or expressly set forth in the documents executed by Seller at Closing (collectively, the "**Seller's Express Representations**"), Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information (including, without limitation, the Seller Documents) delivered by Seller or its brokers or agents to Purchaser in connection with the transaction contemplated hereby. Except for and subject to Seller's Express Representations, all materials, data and information delivered by Seller to Purchaser in connection with the transaction contemplated hereby are provided to Purchaser as a convenience only and any reliance on or use of such materials, data or information by Purchaser shall be at the sole risk of Purchaser, except as otherwise expressly stated herein. Except for and subject to Seller's Express Representations, the Seller Parties shall not be liable to Purchaser for any inaccuracy in or omission from any such reports. Purchaser hereby represents to Seller that, to the extent Purchaser deems the same to be necessary or advisable for its purposes, and without waiving the right to rely upon the Seller's Express Representations: (i) Purchaser has performed or will perform an independent inspection and investigation of the Lots and has also investigated or will investigate the operative or proposed governmental laws, ordinances and regulations to which the Lots may be subject, and (ii) Purchaser shall acquire the Lots solely upon the basis of its own or its experts' independent inspection and investigation, including, without limitation, (a) the quality, nature, habitability, merchantability, use, operation, value, fitness for a particular purpose, marketability, adequacy or physical condition of the Lots or any aspect or portion thereof, including, without limitation, appurtenances, access, landscaping, parking facilities, electrical, plumbing, sewage, and utility systems, facilities and appliances, soils, geology and groundwater, (b) the dimensions or sizes of the Lots, (c) the development or income potential, or rights of or relating to, the Lots, (d) the zoning or other legal status of the Lots or any other public or private restrictions on the use of the Lots, (e) the compliance of the Lots with any and all applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions, (f) the ability of Purchaser to obtain any necessary governmental permits for Purchaser's intended use or development of the Lots, (g) the presence or absence of Hazardous Materials on, in, under, above or about the Lots or any adjoining or neighboring property, (h) the condition of title to the Lots, or (i) the economics of, or the income and expenses, revenue or expense projections or other financial matters, relating to the Lots, except as provided in any express representations/warranties and/or covenants contained in this Contract.

(g) As Is. Except for and subject to Seller's Express Representations, Purchaser acknowledges and agrees that it is purchasing the Property based on its own inspection and examination thereof, and Seller shall sell and convey to Purchaser and Purchaser shall accept the property on an "AS IS, WHERE IS, WITH ALL FAULTS, LIABILITIES, AND DEFECTS, LATENT OR OTHERWISE, KNOWN OR UNKNOWN" basis in an "AS IS" physical condition and in an "AS IS" state of repair (subject in all events to Seller's Express Representations including but not limited to the Finished Lot Improvements obligation set forth in Section 5(b) hereof). Except for and subject to Seller's Express Representations, to the extent not prohibited by law the Purchaser hereby waives, and Seller disclaims all warranties of any type or kind whatsoever with respect to the Property, whether express or implied, direct or indirect, oral or written, including, by way of description, but not limitation, those of habitability, fitness for a particular purpose, and use. Without limiting the generality of the foregoing, Purchaser expressly acknowledges that, except for and subject to Seller's Express Representations, Seller makes no other or additional representations or warranties concerning, and hereby expressly disclaims any representations or warranties concerning the following: (i) The value, nature, quality or condition of the Property; (ii) Any restrictions related to development of the Property; (iii) The applicability of any governmental requirements; (iv) The suitability of the Property for any purpose whatsoever; (v) The presence in, on, under or about the Property of any Hazardous Material or any other condition of the Property which is actionable under any Environmental Law (as such terms are defined in this Section 10); (vi) Compliance of the Property or any operation thereon with the laws, rules, regulations or ordinances of any applicable governmental body; or (vii) The presence or absence of, or the potential adverse health, economic or other effects arising from, any magnetic, electrical or electromagnetic fields or other conditions caused by or emanating from any power lines, telephone lines, cables or other facilities, or any related devices or appurtenances, upon or in the vicinity of the Property.

As used herein, "**Hazardous Materials**" shall mean, collectively, any chemical, material, substance or waste which is or hereafter becomes defined or included in the definitions of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutant" or "contaminant," or words of similar import, under any Environmental Law, and any other chemical, material, substance, or waste, exposure to, disposal of, or the release of which is now or hereafter prohibited, limited or regulated by any governmental or regulatory authority or otherwise poses an unacceptable risk to human health or the environment.

As used herein, "**Environmental Laws**" shall mean all applicable local, state and federal environmental rules, regulations, statutes, laws and orders, as amended from time to time, including, but not limited to, all such rules, regulations, statutes, laws and orders regarding the storage, use and disposal of Hazardous Materials and regarding releases or threatened releases of Hazardous Materials to the environment.

(h) Release. Purchaser agrees that, except for and subject to Seller's Express Representations, Seller shall not be responsible or liable to Purchaser for any defects, errors or omissions, or on account of geotechnical or soils conditions or on account of any other conditions affecting the Property, because Purchaser otherwise is purchasing the Property AS IS, WHERE-IS, and WITH ALL FAULTS as set forth above in subsection (g). Purchaser, or anyone claiming by, through or under Purchaser, hereby fully releases Seller, Seller's affiliates, divisions and subsidiaries and their respective managers, members, partners, officers, directors, shareholders, affiliates, representatives, employees, consultants and agents (the "**Seller Parties**" and each as a "**Seller Party**") from, and irrevocably waives its right to maintain, any and all claims and causes of action that it or they may now have or hereafter acquire against the Seller Parties for any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to any defects, errors, omissions, soils conditions or other conditions affecting the Property of the suitability or fitness of the Property, except to the extent that such loss or other liability derives or results from a breach or default of any of Seller's Express Representations. Purchaser waives any Environmental Claim (as defined in this Section) which it now has or in the future may have against Seller, provided however, such waiver shall not apply to activities to be performed by the Seller hereunder to construct the Finished Lot Improvements. The foregoing release and waiver shall be given full force and effect according to each of its express terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. As used herein, "**Environmental Claim**" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation, whether written or oral, by any person, organization or agency alleging potential liability, including without limitation, potential liability for enforcement, investigatory costs, cleanup costs, governmental response costs, removal costs, remedial costs, natural resources damages, property damages, including diminution of the market value of the Property or any part thereof, personal injuries or penalties arising out of, based on or resulting from the presence or release into the environment of any Hazardous Materials or resulting from circumstances forming the basis of any violation or alleged violation of any Environmental Laws based Hazardous Materials, and any and all claims by any person, organization or agency seeking damages, contribution, indemnification, costs, recovery, compensation or injunctive relief relating to same.

(i) Indemnification. Purchaser shall indemnify, defend (with counsel reasonably selected by Purchaser with Seller approval) and hold harmless the Seller Parties of, from and against any and all claims, demands, liabilities, losses, expenses, damages, costs and reasonable attorneys' fees that any of the Seller Parties may at any time incur by reason of or arising out of: (i) any work performed in connection with or arising out of Purchaser's activities, or Purchaser's acts or omissions with respect to any Overex work, (ii) Purchaser's failure to perform its work on the Property in accordance with applicable laws, and (iii) either personal injuries or property damage occurring after the Closing by reason of or arising out of the geologic, soils or groundwater conditions on the Property acquired by Purchaser, (iv) Purchaser's or its successor's development, construction, use, ownership, management, marketing or sale activities associated with the Lots (including, without limitation, land development, grading, excavation, trenching, soils compaction and construction on the Lots performed by or on behalf of Purchaser (including, but not limited to, by all subcontractors and consultants engaged by Purchaser); (v) the soils, subsurface geologic, groundwater conditions or the movement of any home constructed on the Lots after a Closing; (vi) the design, engineering, structural integrity or construction of any homes constructed by Purchaser on the Lots after a Closing; or (vii) any claim asserted by Purchaser's homebuyers or their successors in interest alleging construction defects related to any Overex work performed by Purchaser, or any soils, subsurface geologic or groundwater conditions affecting the Lots. The foregoing indemnity obligation of Purchaser includes acts and omissions of Purchaser and all agents, consultants and other parties acting for or on behalf of Purchaser ("**Purchaser Parties**"). Notwithstanding the foregoing, Purchaser is not required by this indemnification provision to indemnify the Seller against (i) Seller's failure to perform its obligations under this Contract or under any of the Closing documents, (ii) Seller's breach of Seller's Express Representation, or (iii) claims arising directly from the decisions of Seller acting in its capacity as declarant under the Declaration; and further provided that Purchaser is not required to indemnify consultants, contractors and subcontractors who contract with Seller and who perform services or supply labor, materials, equipment, and other work relating to geotechnical or soils conditions on the Lots that is necessary for the Lots to satisfy the requirements set forth herein.

(j) The provisions of this Section 10 shall survive each Closing and the delivery of each respective deed to the Purchaser.

11. Seller's Representations. Seller hereby represents and warrants to Purchaser as follows (the following Subsections collectively referred to herein as **Seller's Representations**"):

(a) Litigation. To Seller's Actual Knowledge (as defined in this Section 11), there is no threatened or pending litigation affecting or pertaining to the Property or the Development.

(b) Non-Foreign Person. Seller is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and applicable regulations.

(c) Condemnation. Seller has received no written notice of any pending or threatened condemnation or eminent domain proceedings which may affect the Property or the Development or any part thereof.

(d) Execution and Delivery. The execution, delivery and performance of this Contract by Seller does not and will not result in a breach of, or constitute a default under, any indenture, loan or credit agreement, mortgage, deed of trust or other agreement to which Seller is a party.

(e) Default. To Seller's Actual Knowledge, Seller has not defaulted under any covenant, restriction or contract affecting the Property or the Development, nor has Seller caused by its act or omission an event to occur which would with the passage of time constitute a breach or default under such covenant, restriction or contract.

(f) Violation of Law. Seller has not received any written notice of non-compliance, and to Seller's Actual Knowledge there is no non-compliance, of the Property or the Development with respect to any federal, state or local laws, codes, ordinances or regulations relating to the Property or the Development.

(g) Rights. Seller has not granted to any party, other than Purchaser hereunder, any option, contract, right of refusal or other agreement with respect to a purchase or sale of the Property.

(h) Environmental. Neither Seller nor, to Seller's Actual Knowledge, any third party, has used, generated, transported, discharged, released, manufactured, stored or disposed of any Hazardous Materials from, into, at, on, under or about the Property in any manner which violates federal, state, or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production, or disposal of Hazardous Material. To Seller's Actual Knowledge: (a) the Property is not now, nor was it previously, in violation, and is not currently under investigation for violation of any Environmental Law; (b) there has been no migration of any Hazardous Materials from, into, at, on, under or about the Property; and (c) there is not now, nor was there previously, on or in the Property underground storage tanks or surface below-grade impoundments used to store, treat or handle Hazardous Materials or debris or refuse buried in, on or under the Property.

(i) Debt. As of the Effective Date, Seller owns the Property free and clear of any mortgages or deeds of trust. If Seller encumbers the Property, or portion thereof, with a mortgage or deed of trust before a Closing, the Lots to be acquired at such Closing will be released from such encumbrance at such Closing. Seller will use commercially reasonably efforts to obtain a recognition agreement from the lender holding any such mortgage or deed of trust, but makes no representation or other covenant that such lender will agree to the terms of or execute a recognition agreement.

(j) Development Ownership. To Seller's Actual Knowledge, as of the Effective Date Seller owns, has or will acquire rights in all real property as necessary or as will be necessary to be able comply with the Entitlements.

(k) Seller Documents. To Seller's Actual Knowledge, the Seller Documents provided and to be provided by Seller to Purchaser are and will be true, correct and complete copies of same.

(l) FASB. The fair market value of the Property does not exceed fifty percent (50%) of the fair market value of the total assets of Seller.

For purposes of the foregoing, the phrase "**Seller's Actual Knowledge**" shall mean the current, actual, personal knowledge of Mark Harding as President of Seller, without any duty of investigation or inquiry and without imputation of any other person's knowledge. The fact that reference is made to the personal knowledge of the above identified individual shall not render such individual personally liable for any breach of any of the foregoing representations and warranties; rather, Purchaser's sole recourse in the event of any such breach shall be against Seller, and Purchaser hereby waives any claim or cause of action against the above identified individuals arising from Seller's Representations. In the event that any information contained in the Seller Documents conflicts with Seller's Representations set forth in this Section, the Seller Documents shall govern and control and such inconsistency shall not constitute a breach by Seller of its Seller's Representations herein. Seller and Purchaser shall notify the other in writing immediately if any Seller's Representation become untrue or misleading in light of information obtained by Seller or Purchaser after the Effective Date. In the event that Purchaser has actual knowledge that any of Seller's Representations are untrue or misleading, or of a breach of any of Seller' Representations prior to the Closing, without the duty of further inquiry, and Purchaser elects to close, Purchaser shall be deemed to have waived any right of recovery, and Seller shall not have any liability in connection therewith.

Seller's Representations shall be deemed to be made again as and at the date of each Closing, and shall survive each respective Closing for a period of twelve (12) months, except to the extent of any matter that is known by Purchaser, or is contained in materials provided to or made available to Purchaser that makes Seller's Representations untrue as of such Closing Date and in any such instance Seller's Representations shall not survive Closing.

Seller makes no promises, representations or warranties regarding the construction, installation or operation of any amenities within the Development, including without limitation, club houses, swimming pools and sports courts. To the extent that any development plans, site plans, rendering, drawings, marketing information or other materials related to the Development include, depict or imply the inclusion of any amenities in the Development, they are included only to illustrate possible amenities for the Development that may or may not be built and Purchaser shall not rely upon any such materials regarding the construction, installation or operation of any amenities within the Development. Nothing herein shall relieve Seller of the obligation to construct such amenities that are ultimately required by the Entitlements.

12. Purchaser's Obligations. Purchaser shall have the following obligations, each of which shall survive each respective Closing and, where noted, termination of this Contract. Notwithstanding any contrary provision set forth in this Contract, Seller shall have the right to enforce said obligations by means of any legal or equitable proceedings including, but not limited to, suit for actual damages and equitable relief:

(a) Master Covenants. Purchaser shall comply with all obligations applicable to Purchaser under the Master Covenants.

(b) Compliance with Laws. Purchaser shall comply with and abide by all laws, ordinances, statutes, covenants, rules and regulations, building codes, permits, association documents and other recorded instruments (as they are from time to time amended, supplemented or changed) which regulate any activities relating to the use, ownership, construction or sale of any Lot or any improvements thereon.

(c) Entry Prior to Closing. From and after the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, and so long as no default by Purchaser exists under this Contract, Purchaser and its agents, employees and representatives shall be entitled to enter upon the Property for purposes of conducting soil and other engineering tests and to inspect and survey any of the Property. If the Property is altered or disturbed in any manner in connection with any of Purchaser's activities, Purchaser shall immediately return the Property to substantially the condition existing prior to such activities. Purchaser shall promptly refill holes dug and otherwise to repair any damage to the Property as a result of its activities. Purchaser and its agents shall not have the right to conduct any invasive testing (e.g., borings, drilling, soil/water sampling, etc.), except standard geotech preliminary investigation, on the Lots (which may include borings, drilling, and sampling), including, without limitation, any so-called "Phase II" environmental testing, without first obtaining Seller's written consent (and providing Seller at least seventy-two (72) hours' prior written notice), which consent may be withheld by Seller in its reasonable discretion and shall be subject to any terms and conditions imposed by Seller in its reasonable discretion. In the event that Purchaser fails to obtain Seller's written consent prior to any invasive testing, in addition to and without limiting any other obligations Purchaser may have under this Section, Purchaser shall be fully responsible and liable for all costs of remediation with respect to any materials disturbed in any manner that requires remediation or that are removed in connection with such invasive testing and including, but not limited to, costs for disposal of materials removed during any invasive testing. Purchaser shall not permit any lien to attach to the Property or any portion of the Property as a result of the activities. Purchaser shall indemnify, defend and hold Seller, its officers, directors, shareholders, employees, agents and representatives harmless from and against any and all mechanics' and materialmen's liens, claims (including, without limitation, personal injury, death and property damage claims), damages, losses, obligations, liabilities, costs and expenses including, without limitation, reasonable attorneys' fees incurred by Seller, its officers, directors, shareholders, employees, agents and representatives or their property arising out of any breach of the provisions of this Section 12(c) by Purchaser, its agents, employees or representatives. The foregoing indemnity obligation of Purchaser includes acts and omissions of Purchaser and all agents, consultants and other parties acting for or on behalf of Purchaser. Purchaser shall maintain in effect during its inspection of the Property commercial general liability coverage for bodily injury and property damage in the amount of at least $2,000,000.00 combined single limit, and automobile liability coverage for bodily injury and property damage in the amount of at least $2,000,000.00 combined single limit, and the policy or policies of insurance shall be issued by a reputable insurance company or companies which are qualified to do business in the State of Colorado and shall name Seller as an additional insured. In addition, before entering upon the Property, Purchaser shall provide Seller with valid certificates indicating such insurance is in effect. The foregoing indemnity shall not apply to claims due to (i) Hazardous Materials or conditions that are not placed on the Property or caused by Purchaser or its agents, (ii) pre-existing matters, (iii) or Seller's actions or inactions. The indemnity and agreement set forth in this Section 12(c) shall survive the expiration or termination of this Contract for any reason.

(d) Architectural Approval. In order to assure that homes constructed by Purchaser are compatible with the other residential construction in the Development and meet certain architectural, design, and landscaping criteria and guidelines included in the approved SDP applicable to the Property (the "**SDP Criteria**") and are otherwise acceptable to Seller, all construction and landscaping on the Lots shall be subject to the prior review and approval of Seller. The Master Covenants will provide for the formation of an architectural review committee ("**Architectural Review Committee**") and for the Declarant's promulgation and adoption of design guidelines ("**Design Guidelines**") to be applied by the Architectural Review Committee. The Master Covenants and/or the Design Guidelines will provide for an exemption from obtaining Architectural Review Committee approval for the Seller and any other person whose House Plans (as hereinafter defined) has been reviewed and approved by the Seller.

(i) The Existing Entitlement Documents contain the Preliminary Development Plan which include the preliminary architectural, design, and landscaping criteria and guidelines for the Property which will be the basis for the SDP Criteria to be incorporated into the SDP. Purchaser shall submit to Seller the Purchaser's elevations, floor plans, typical landscape plans, exterior color palettes for homes and other buildings, structures and improvements to be located on the Lots ("**House Plans**") within 20 days following the Effective Date of this Contract. Seller will review the House Plans and Seller shall deliver notice to Purchaser of the Seller's preliminary approval or disapproval of the House Plans within ten (10) business days after receipt of the House Plans, with such approval not to be unreasonably withheld, conditioned or delayed. If Seller fails to so notify Purchaser of preliminary approval or disapproval within such 10-business day period, the Purchaser shall provide Seller with written notice of the same and Seller shall notify Purchaser within three (3) business days of its approval of disapproval. If Seller fails to approve or disapprove within such 3-business day period, the House Plans shall be deemed preliminarily approved. In the event of disapproval, Purchaser shall revise and resubmit the House Plans to the Seller for reconsideration, addressing the matters disapproved by the Seller, and the procedure set forth above shall be repeated until the House Plans are approved by the Seller. Seller will use reasonable efforts to confirm that Purchaser's House Plans, as approved by Seller, are compatible with the SDP Criteria. Upon County approval of the SDP, Seller will conduct a second review of the House Plans for compliance and compatibility with the SDP Criteria. If the House Plans do not materially comply with the County-approved SDP Criteria applicable to the Property, Seller will notify Purchaser. If Purchaser and Seller are unable to agree upon mutually acceptable revisions to the House Plans so that they comply with the SDP Criteria, then Purchaser may terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller all information and materials received by Purchaser from Seller pertaining to the Property and any non-confidential and non-proprietary information otherwise obtained by Purchaser pertaining to the Property, and thereafter the parties shall have no further rights or obligations under this Contract except those that expressly survive termination of this Contract. After Seller approves the Purchaser's House Plans, and before Purchaser commences construction of homes on the Lots, Purchaser shall submit to Seller any material changes in the approved House Plans. Seller shall review the material changes for general consistency and compatibility with the standards and criteria set forth in the SDP Criteria and the Master Covenants and if Seller approves such changes, Seller shall notify Purchaser within ten (10) business days of its approval, not to be unreasonably withheld, conditioned or delayed.

(ii) Purchaser shall obtain Seller approval of House Plans before commencing construction on a Lot. Purchaser shall perform all construction, development and landscaping in accordance with the approved House Plans and in conformity with the Master Covenants and the SDP Criteria and all other requirements, rules, regulations of any local jurisdictional authority. Purchaser and Seller acknowledge that the County will not conduct architectural review nor issue approval of Purchaser's house plans, but rather requires the building permit applicant to comply with the SDP Criteria. Seller's approval of Purchaser's House Plans is only intended as a review for compatibility with other residential construction in the Development and the SDP Criteria and does not constitute a representation or warranty that Purchaser's House Plans comply with SDP Criteria and Purchaser shall be responsible for confirming such compliance.

(e) Disclosures to Homebuyers. Purchaser shall include in each contract for the sale of any Home constructed by Purchaser in the Development all disclosures required by applicable laws, including, but not limited to, if required by applicable law at the time of sale, a Special District Disclosure, a Common Interest Community Disclosure, a Mineral Disclosure, and Source of Potable Water Disclosure, along with additional disclosures regarding expansive/low-density soils and radon ("**Homebuyer Disclosure**"). The Homebuyer Disclosure shall be in a form to be agreed upon by Seller and Purchaser before the end of the Due Diligence Period and a copy of each such signed (or receipted) Homebuyer Disclosure shall be furnished to Seller upon request.

13. Force Majeure. A delay in or failure to perform any obligations required of Seller under this Contract shall not constitute a default to the extent such delay or failure is caused by Force Majeure and all times for performance shall be extended by the number of days of Force Majeure. "**Force Majeure**" shall be limited to acts of God, war, terrorism, fire, flood, earthquake, hurricane, weather conditions, strike, delay or unavailability of labor or materials, delay or unavailability of utilities, delays in obtaining governmental approvals to the extent not caused by the party seeking approval, moratoria, injunctions, orders or directives of any court or governmental body, or other actions of third parties (but not including financial inability) which, despite the exercise of reasonable diligence, the party required to perform is unable to prevent, avoid or remove. If the performance of an obligation hereunder, other than the payment of money, is expressly subject to the effect of Force Majeure, then, unless otherwise provided herein, the effect of a Force Majeure shall be to extend the time for performance of such obligation for the reasonable period of such Force Majeure. Each party shall promptly provide the other with written notice of any event giving rise to a claim for Force Majeure within fifteen (15) business days of the occurrence of such event.

14. Cooperation. Purchaser shall reasonably cooperate with and require its agents, employees, subcontractors and other representatives to cooperate with all other parties involved in construction within the Development, including, where applicable, the granting of a nonexclusive license to enter upon the Property conveyed to Purchaser. Purchaser shall execute any and all documentation reasonably required by Seller or the Authorities to effectuate any desired modification or change in connection with Seller's activities in the Development including, without limitation, amendments or restatements of the Master Covenants, or any Final Plat; provided, however, Purchaser shall not be obligated to execute any such documentation if it will materially adversely affect the fair market value or use of the Property or Purchaser's ability to construct or to sell its proposed homes within the Property, or if it will materially increase the cost of ownership or construction or interfere with ownership or construction.

15. Fees. Subject to the provisions of Sections 16 and 17 below:

(a) FHA/VA. Seller shall not be required to obtain any specific approvals to cause the Property to qualify for FHA or VA homebuyer financing programs.

(b) Utility Company Refunds. Any refunds from utility providers relating to construction deposits made by Seller for the Finished Lot Improvements relating to the Property shall be the exclusive property of Seller. Purchaser shall cooperate with Seller in turning over any such funds and directing those funds to Seller.

16. Water and Sewer Taps; Fees; and District Matters.

(a) Rangeview Metropolitan District. The water and sewer service provider for the Lots is the Rangeview Metropolitan District ("**Rangeview**") and Purchaser shall be required to purchase water and sewer taps for the Lots from Rangeview. During the Due Diligence Period, Purchaser shall negotiate in good faith to reach agreement with Rangeview on terms and provisions of a Tap Purchase Agreement (the "**Tap Purchase Agreement**") in which Rangeview agrees to sell to Purchaser, and Purchaser agrees to purchase from Rangeview, a water and sewer tap for each Lot in accordance with an agreed-upon purchase schedule, but in no event later than the issuance of a building permit for a Lot. If Rangeview and Purchaser agree upon a Tap Purchase Agreement before the expiration of the Due Diligence Period, they shall prepare and execute an amendment to this Contract to set forth the agreed-upon Tap Purchase Agreement and execute the Tap Purchase Agreement on or before the date of the First Closing. If Rangeview and Purchaser are unable to agree on a Tap Purchase Agreement before the expiration of the Due Diligence Period, this Contract shall terminate and the Deposit shall be promptly returned to Purchaser, Purchaser shall deliver to Seller (or destroy) all information and materials pertaining to the Property provided by Seller and thereafter the parties shall have no further rights or obligations under this Contract except as otherwise provided in Section 24 below. It is expected the combined cost to purchase a water tap and sewer will be dependent on Lot size, home square footage, number of floors, driveway lanes, outdoor irrigated square footage, and xeriscape square footage and may be subject to increase from time to time as Rangeview revises its fee schedule.

(b) Sky Ranch Metropolitan District No. 1. The Property is included within the boundaries of the Sky Ranch Metropolitan District No. 1 ("**District**"). Persons affiliated with Seller have been elected or appointed to the board of directors ("**Board**") of the District and Rangeview and serve in that capacity. Purchaser shall not qualify any persons affiliated with Purchaser as its representative to serve on the Board of the District or Rangeview and this prohibition shall survive the Closing and delivery of deeds hereunder until no person affiliated with Seller serves on the Board. The District has been formed for purposes that include, but are not limited to financing, owning, maintaining and/or managing certain tracts and infrastructure improvements ("**District Improvements**") to serve the Development, including the Lots. Purchaser acknowledges that: (i) the construction of District Improvements shall be without compensation or reimbursement to Purchaser; and (ii) any reimbursements, credits, payments, or other amounts payable by the District or Rangeview on account of the construction of District Improvements or any other matters related thereto ("**Metro District Payments**") shall remain the property of the Seller and shall not be conveyed to or otherwise be claimed by Purchaser. Upon request of Seller, the District or Rangeview, Purchaser will execute any and all documents that may be reasonably required to confirm Purchaser's waiver of any right to Metro District Payments. The provisions of this Section are material in determining the Purchase Price, and the Purchase Price would have been higher but for the provisions of this Section. Seller shall provide to Purchaser as part of the Seller Documents information available relating to the District including the service plan and schedule of current fees and charges. This Section shall survive Closing.

(c) Fees.

(i) Seller shall pay any and all of the following to the extent imposed by any Authority in connection with the Property conveyed to Purchaser: (i) any parks and recreation fees (including park dedication requirements and/or cash-in-lieu payments related to the Property as part of the platting thereof); (ii) drainage fees; (iii) fees for payment-in-lieu of school land dedications, and (iv) fees and charges that are due and payable at, before or as a condition precedent to the approval or recordation of the Entitlements.

(ii) Following Closing, Purchaser shall pay all costs and expenses for all water fees, sewer fees, tap fees, connection fees, facility fees or assessments, PIF fees, building and other permit costs specific to obtaining a building permit for construction by Purchaser of homes on the Lots, and any other costs or fees that may be imposed by the District, Rangeview or any Authority relating to the construction, use or occupancy of the homes to be constructed on the Lots, excluding in all events the fees to be paid by Seller pursuant to Section 16(c)(i) above. Without limiting the foregoing, and except for the fees to be paid by Seller pursuant to Section 16(c)(i) above, Purchaser shall pay any and all of the following to the extent imposed in connection with the Property conveyed to Purchaser: (i) system development fees; (iii) any infrastructure (facility) fee, including, without limitation, any transportation/road fee, which may be imposed either by the County, the District or other Authority; (iv) any impact fees and payment-in-lieu of land dedication fees imposed for roads or other facilities that are payable at issuance of a building permit; and (v) any excise fees. The covenants set forth in this Section 16 shall survive each respective Closing and shall represent a continuing obligation until the complete satisfaction or payment thereof.

(iii) As of the Effective Date, the District does not levy a system development fee ("**SDF**") against property within the District. If the District at any time before a Closing adopts a SDF, then at the Closing the Purchaser shall pay the District's SDF applicable to the Lots acquired at such Closing. In order to offset Purchaser's payment of the District's SDF for a Lot at a Closing, Purchaser shall receive a credit against the Purchase Price paid by Purchaser for such Lot at such Closing equal to the amount of the District's SDF paid by Purchaser for the Lot.

17. Reimbursements and Credits. Purchaser shall have no right to any reimbursements and/or cost-sharing agreements pursuant to any agreements entered into between Seller or any of Seller's affiliates and third parties which may or may not affect the Property. In addition, Purchaser acknowledges that Seller, its affiliates or one (1) or more metropolitan district(s) have installed or may dedicate land for and install certain roadway infrastructure improvements ("**Infrastructure Improvements**") which benefit all or any part of the Property, together with adjacent properties, and which may entitle Seller or its affiliates and/or the Property or any part thereof to certain reimbursements or credits by the County or other Authority relating to transportation/road fees or traffic impact fees paid to the County or other Authority ("**Transportation Fees**"). To the extent that Purchaser pays or is required by the County to pay any such Transportation Fees to the County or other Authority pertaining to the Infrastructure Improvements which are in turn reimbursable to Seller by the County or other Authority, Purchaser shall cooperate with Seller as reasonable necessary to enable Seller to obtain the reimbursement of such Transportation Fees paid by Purchaser to the County or other Authority. Also, in the event that Purchaser receives any credit or waiver in Transportation Fees as a result of any Infrastructure Improvements, the Purchaser shall pay to or reimburse Seller and/or its designated affiliates in an amount equal to such credited or waived Transportation Fees at the same time that the Transportation Fees would otherwise be payable by Purchaser. In addition, Purchaser acknowledges that Seller or its affiliate(s) may have negotiated or may negotiate with the County or other Authority for reimbursements to Seller or its affiliates. Purchaser acknowledges that certain other governmental fees which may be paid by Purchaser to the County or other Authority may be reimbursed to Seller and/or its affiliates pursuant to the terms of said agreement. With respect to any particular governmental fee actually paid by Purchaser to the County, Purchaser shall not be obligated to pay or reimburse Seller or its affiliates for such governmental fee. The obligations and covenants set forth in this Section 17 shall survive the Closing of the purchase and sale of the Property, shall represent a continuing obligation of Purchaser, its successors and assigns, until complete satisfaction thereof.

18. Name and Logo. The name and logo of "Sky Ranch" are wholly owned by Seller. Purchaser agrees that it shall not use or allow the use of the name "Sky Ranch" or any logo, symbol or other words or phrases which are names or trademarks used or registered by Seller or any of its affiliates in any manner to name, designate, advertise, sell or develop the Property or in connection with the operation or business located or to be located upon the Property without the prior written consent of Seller, which consent may be withheld for any reason. Any consent to the use of such names or logos may be conditioned upon Purchaser entering into a license agreement with Seller, as applicable, at no additional cost to Purchaser. Notwithstanding the foregoing, however, Purchaser shall have the right, without the need for any further consent or approval by Seller, to use the name and logo of "Sky Ranch" for the purpose of providing information in advertisements and marketing materials as to the general location of the Property and Purchaser's construction of homes at such location.

19. Renderings. All renderings, plans or drawings of the Property or the Development showing landscaping, trees, amenities and any other improvements are artists' conceptions only and may not accurately reflect the existence of any such items or their actual location. Purchaser waives any claims based upon any inaccuracy in any such items as depicted on the renderings, plans or drawings (except no waiver is made for any such items ultimately required by the Entitlements).

20. Communications Improvements. Seller may, but is not obligated to, enter into an agreement with a service provider for the development and installation of Communication Improvements in all or any portion of the Development. "**Communications Improvements**" means any equipment, property and facilities, if used or useful in connection with the delivery, deployment, provision or modification of facilities and equipment to provide monitoring and meter reading services for the benefit of governmental entities, quasi-governmental entities, or utilities, regarding the usage of electricity, gas, water and other resources and any other service or services based on technology that is similar to or is a technological extension of the foregoing ("Service"). Communications Improvements do not include any equipment, facilities or property located on or in the home of a person who receives services from the service provider, such as, but not limited to routers, wireless access points, in-house wiring, set-top boxes, game consoles, gateways and other equipment under the control of the owner or occupant of the home. Seller may grant to such service provider one or more permanent, non-exclusive, perpetual, assignable and recordable easements (collectively referred to as the "**Easement**") to access and use the Property and other property within the Development, as necessary, appropriate or desirable, to lay, install, construct, reconstruct, modify, operate, maintain, repair, enhance, upgrade, regulate, remove, replace and otherwise use the Communications Improvements, but Seller shall not create any covenant or requirement that Seller or a Lot owner use or market such Communications Improvements. Seller also shall not create any covenant or requirement that Seller or a Lot owner not use or market any competing Communications Improvements. Subject to the foregoing, and so long as any such Easement does not materially interfere with Purchaser's ability to construct its intended single family homes on the Lots or otherwise materially detract from the value, use or enjoyment of any Lots, Purchaser shall not object to and shall cooperate with Seller in connection with the installation and operation of the Communications Improvements.

21. Soil Hauling. Purchaser shall be responsible for relocating from the Property all surplus soil generated during Purchaser's construction of structures on the Property, which shall be transported at Purchaser's expense to a site designated by Seller within the Development, provided that Seller has designated and made such a site available to Purchaser at the time Purchaser is ready to transport surplus soils. If and to the extent that Seller establishes stock pile site within the Development, Seller may modify any such stock pile locations from time to time in Seller's discretion with at least three (3) business days' written notice to Purchaser. At Seller's request, Purchaser shall supply copies of any reports or field assessments identifying the material characteristics of the excess soil prior to accepting such soil for fill purposes. Notwithstanding the foregoing, in the event that Seller does not establish a stock pile site or elects not to accept any surplus soils from Purchaser, then Purchaser shall, at its sole expense, find a purchaser or taker or otherwise transport and dispose of such surplus soil upon such terms as it shall desire, but such surplus soil must still be removed from the Property and may not be stockpiled on the Property or within the Development after construction has been completed.

22. Specially Designated Nationals and Blocked Persons List Purchaser represents and warrants to Seller that Purchaser and all persons and entities owning (directly or indirectly) an ownership interest in Purchaser are currently in compliance with and shall at all times prior to the Closing of this transaction remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the United States Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

23. Assignment.

(a) Seller's Assignment. Seller may assign its rights and obligations under this Contract with respect to the Lots not yet Closed without the consent of Purchaser: (i) to any entity that acquires all or substantially all of the Seller' interests in such Lots which Seller reasonably believes has the financial ability and experience to perform Seller's obligations under this Contract; or (ii) to an entity that controls, is controlled by, or under common control with, Seller.

(b) Purchaser's Assignment. The obligations of the Purchaser under this Contract are personal in nature, and neither this Contract nor any rights, interests, or obligations of Purchaser under this Contract may be transferred or assigned without the prior written consent of Seller, except that Purchaser may assign its rights or obligations under this Contract, without the prior written consent of Seller, to (i) any affiliate of Purchaser, or (ii) any third-party from which Purchaser has a contractual right to acquire the Lots pursuant to an option agreement or similar arrangement with such third-party, but Purchaser shall not be released from any obligations hereunder.

24. Survival. All covenants and agreements of either party which are intended to be performed in whole or in part after any Closing or termination of this Contract, and all representations, warranties and indemnities by either party to the other under this Contract shall survive such Closing or termination of this Contract and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that Seller's Representations pursuant to this Contract shall survive each respective Closing for a period of twelve (12) months, and any action by Purchaser based on a breach of any of such Seller's Representations must be brought within such twelve (12) month period.

25. Condemnation. If a condemnation action is filed or either party receives written notice from any competent condemning authority of intent to condemn which directly affects any Lot or Lots which Purchaser has a right to purchase, either party may at its sole discretion by written notice to the other party within ten (10) days following receipt of such condemnation notice terminate this Contract as to the Lots subject to the condemnation action and receive a refund of the Deposit with respect to those Lots only (the Deposit being applied pro rata equally among all Lots for this purpose), and the parties shall have no further rights or obligations with respect to those Lots. If the right to terminate is not exercised by either party, this Contract shall remain in full force and effect with respect to the Lot in question and upon exercise of the right to purchase the Lot, the Closing shall proceed in accordance with the terms of this Contract, and any condemnation award relating to such Lot shall be paid to Purchaser at Closing (if received by Seller prior to Closing) and otherwise shall be assigned to Purchaser at Closing.

26. Brokers. Each Party does hereby represent that it has not engaged any broker, finder, or real estate agent in connection with the transactions contemplated by this Contract. Each party agrees to and does hereby indemnify and hold the other harmless from any and all fees, brokerage and other commissions or costs (including reasonable attorneys' fees), liabilities, losses, damages or claims which may result from any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of either of them respectively in connection with the purchase of the Lots by Purchaser.

27. Default and Remedies. Time is of the essence hereof. If any amount received as a Deposit hereunder or any other payment due hereunder is not paid by Purchaser, honored or tendered when due and payable, or if each Closing is not consummated as required in accordance with Section 8 above, or if any other covenant, agreement, obligation or condition hereunder is not performed or waived as herein provided within five (5) business days (or such longer period as required under this Contract) after the party failing to perform the same has received written notice of such failure, there shall be the following remedies:

(a) Purchaser's Default. If Purchaser is in default under this Contract, Seller may terminate this Contract, in which event the Deposit shall be forfeited and retained on behalf of Seller, and both parties shall, except as otherwise provided herein including specifically Section 27(d) , thereafter be released from all obligations hereunder. It is agreed that, except as otherwise provided in this subpart (a) and in subparts (c) and (d) below and except with respect to the indemnification by Purchaser in Sections 10, 12 and 26 above, such payments and things of value are LIQUIDATED DAMAGES and are SELLER'S SOLE AND ONLY REMEDY for Purchaser's failure to perform the obligations of this Contract prior to the Closing. Except as otherwise provided in this Contract, Seller expressly waives the remedies of specific performance and additional damages with respect to a default by Purchaser. Notwithstanding the foregoing or any other contrary provision of this Contract, any and all provisions of this Contract pursuant to which Purchaser agrees to indemnify, hold harmless and defend Seller from and against any losses, costs, claims, causes of action or liabilities of any kind or nature, or pursuant to which Purchaser waives any rights or claims that it may have against Seller, shall survive any termination of this Contract, and shall be and remain fully enforceable against Purchaser in accordance with the terms of this Contract and applicable laws.

(b) Seller's Default. If Seller is in default under this Contract, Purchaser may elect AS ITS SOLE AND EXCLUSIVE REMEDY either: (i) to treat this Contract as canceled, in which case the Deposit shall be returned to Purchaser, and Purchaser shall have the right to recover, as damages, all out-of-pocket expenses incurred by it in negotiating this Contract and in inspecting, analyzing or otherwise performing its rights and obligations pursuant to this Contract, but in no event will the amount of such damages exceed Fifty Thousand Dollars ($50,000.00); or (ii) Purchaser may elect to treat this Contract as being in full force and effect and Purchaser shall have a right to specific performance, provided that any such action for specific performance must be commenced within sixty (60) days after the expiration of the applicable notice and cure period provided herein, and, in the event specific performance is not available, than Purchaser may pursue the remedy set forth in clause (i) above. Seller shall not be liable for and Purchaser shall not be entitled to recover exemplary, punitive, special, indirect, consequential, lost profits or any other damages.

(c) Award of Costs and Fees. Anything to the contrary herein notwithstanding, in the event of any litigation arising out of this Contract related to an action for specific performance brought by either party as permitted in accordance with the terms of this Contract, the court shall award the substantially prevailing party all reasonable costs and expenses, including attorneys' fees, incurred by the substantially prevailing party in the litigation or other proceedings.

(d) Post-Closing Defaults. With respect to post-Closing defaults, the parties agree that the non-defaulting party shall be entitled to exercise all rights and remedies available at law or in equity, except that damages shall be limited to actual out-of-pocket costs and expenses incurred (along with reasonable costs and expenses, including attorneys' fees, pursuant to Section 27(c)).

28. General Provisions. The parties hereto further agree as follows:

(a) Time of the Essence. Time is of the essence under this Contract. In computing any period of time under this Contract, the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or federal legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday, or federal legal holiday.

(b) Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Colorado.

(c) Severability. Should any provisions of this Contract or the application thereof, to any extent, be held invalid or unenforceable, the remainder of this Contract and the application thereof, other than those provisions which shall have been held invalid or unenforceable, shall not be affected thereby and shall continue in full force and effect and shall be enforceable to the fullest extent permitted at law or in equity.

(d) Entire Contract. This Contract embodies the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral.

(e) Exhibits. All schedules, exhibits and addenda attached to this Contract and referred to herein shall for all purposes be deemed to be incorporated in this Contract by this reference and made a part hereof.

(f) Further Acts. Each of the parties hereto covenants and agrees with the other, upon reasonable request from the other, from time to time, to execute and deliver such additional documents and instruments and to take such other actions as may be reasonably necessary to give effect to the provisions of this Contract.

(g) Compliance. The performance by the parties of their respective obligations provided for in this Contract shall comply with all applicable laws and the rules and regulations of all governmental agencies, municipal, county, state and federal, having jurisdiction in the premises.

(h) Amendment. This Contract shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by a written agreement executed by both parties.

(i) Authority. Each of the parties hereto represents to the other that each such party has full power and authority to execute, deliver and perform this Contract, that the individuals executing this Contract on behalf of said party are fully empowered and authorized to do so, that this Contract constitutes a valid and legally binding obligation of such party enforceable against such party in accordance with its terms, that such execution, delivery and performance will not contravene any legal or contractual restriction binding upon such party or any of its assets and that there is no legal action, proceeding or investigation of any kind now pending or to the knowledge of each such party threatened against or affecting such party or affecting the execution, delivery or performance of this Contract. Each of the parties hereto represents to the other that each such party is a duly organized, legal entity and is validly existing in good standing under the laws of the jurisdiction of its formation.

(j) Notices. All notices, statements, demands, requirements, or other communications and documents (collectively, "**Communications**") required or permitted to be given, served, or delivered by or to either party or any intended recipient under this Contract shall be in writing and shall be deemed to have been duly given (i) on the date and at the time of delivery if delivered personally to the party to whom notice is given at the address specified below; or (ii) on the date and at the time of delivery or refusal of acceptance of delivery if delivered or attempted to be delivered by an overnight courier service to the party to whom notice is given at the address specified below; or (iii) on the date of delivery or attempted delivery shown on the return receipt if mailed to the party to whom notice is to be given by first-class mail, sent by registered or certified mail, return receipt requested, postage prepaid and properly addressed as specified below; or (iv) on the date and at the time shown on the facsimile or electronic mail message if telecopied or sent electronically to the number or address specified below and receipt of such telecopy or electronic mail message is acknowledged:

To Seller: PCY Holdings, LLC
Attention: Mark Harding
34501 E. Quincy Ave.
Bldg. 34, Box 10
Watkins, Colorado 80137
Telephone: (303) 292-3456
Facsimile: (303) 292-3475
E-mail: mharding@purecyclewater.com

with a copy to:

Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attention: Rick Rubin, Esq.
Telephone: (303) 292-1200
Email: rrubin@foxrothschild.com

To Purchaser: KB Home Colorado Inc.
7807 E Peakview Avenue, Suite 300
Centennial, CO 80111
Attention: Doug Shelton
Telephone: (303) 323-1141
E-mail: dshelton@kbhome.com

with a copy to:

KB Home
5795 W. Badura Ave., Ste. 180
Las Vegas, Nevada 89118
Attn: Anthony Gordon, Esq.
Telephone: (702) 266-8422
E-mail: tgordon@kbhome.com

(k) Place of Business. This Contract arises out of the transaction of business in the State of Colorado by the parties hereto.

(l) Counterparts; Facsimile Signature. This Contract may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one (1) and the same instrument, and either of the parties hereto may execute this Contract by signing any such counterpart. This Contract may be executed and delivered by facsimile or by electronic mail in portable document format (.pdf) or similar means and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other party.

(m) Captions; Interpretation. The section captions and headings used in this Contract are inserted herein for convenience of reference only and shall not be deemed to define, limit or construe the provisions hereof. Purchaser and Seller acknowledge that each is a sophisticated builder or developer, as applicable, and that each has had an opportunity to review, comment upon and negotiate the provisions of this Contract, and thus the provisions of this Contract shall not be construed more favorably or strictly for or against either party. Purchaser and Seller each acknowledges having been advised, and having had the opportunity, to consult legal counsel in connection with this Contract and the transactions contemplated by this Contract.

(n) Number and Gender. When necessary for proper construction hereof, the singular of any word used herein shall include the plural, the plural shall include the singular and the use of any gender shall be applicable to all genders.

(o) Waiver. Any one (1) or more waivers of any covenant or condition by a party hereto shall not be construed as a waiver of a subsequent breach of the same covenant or condition nor a consent to or approval of any act requiring consent to or approval of any subsequent similar act.

(p) Binding Effect. Subject to the restrictions on assignment contained herein, this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(q) Recordation. Purchaser shall not cause or allow this Contract or any memorandum or other evidence thereof to be recorded in the County Records or become a public record without Seller's prior written consent, which consent may be withheld at Seller's sole discretion. If Purchaser records this Contract, then Purchaser shall be in default of its obligations under this Contract.

(r) No Beneficiaries. No third parties are intended to benefit by the covenants, agreements, representations, warranties or any other terms or conditions of this Contract.

(s) Relationship of Parties. Purchaser and Seller acknowledge and agree that the relationship established between the parties pursuant to this Contract is only that of a seller and a purchaser of single-family lots. Neither Purchaser nor Seller is, nor shall either hold itself out to be, the agent, employee, joint venturer or partner of the other party.

(t) Interstate Land Sales Full Disclosure Act and Colorado Subdivision Developers Act Exemptions It is acknowledged and agreed by the parties that the sale of the Property will be exempt from the provisions of the federal Interstate Land Sales Full Disclosure Act under the exemption applicable to sale or lease of property to any person who acquires such property for the purpose of engaging in the business of constructing residential, commercial or industrial buildings or for the purpose of resale of such property to persons engaged in such business. Purchaser hereby represents and warrants to Seller that it is acquiring the Property for such purposes. It is further acknowledged by the parties that the sale of the Property will be exempt under the provisions of the Colorado Subdivision Developers Act under the exemption applicable to transfers between developers. Purchaser represents and warrants to Seller that Purchaser is acquiring the Property for the purpose of participating as the owner of the Property in the development, promotion and sale of the Property and portions thereof.

(u) Special Taxing District Disclosure. In accordance with the provisions of C.R.S. §38-35.7-101(1), Seller provides the following disclosure to Purchaser: **SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.**

(v) Common Interest Community Disclosure. In accordance with the provisions of C.R.S. §38-35.7-102(1), Seller provides the following disclosure to Purchaser: **IF SELLER ELECTS TO FORM A HOMEOWNERS ASSOCIATION UNDER THE MASTER COVENANTS FOR THE DEVELOPMENT, THENTHE PROPERTY IS, OR WILL BE PRIOR TO EACH RESPECTIVE CLOSING, LOCATED WITHIN A COMMON INTEREST COMMUNITY AND IS, OR WILL BE PRIOR TO SUCH CLOSING, SUBJECT TO THE DECLARATION FOR SUCH COMMUNITY. THE OWNER OF THE PROPERTY WILL BE REQUIRED TO BE A MEMBER OF THE OWNER'S ASSOCIATION FOR THE COMMUNITY AND WILL BE SUBJECT TO THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS WILL IMPOSE FINANCIAL OBLIGATIONS UPON THE OWNER OF THE PROPERTY, INCLUDING AN OBLIGATION TO PAY ASSESSMENTS OF THE ASSOCIATION. IF THE OWNER DOES NOT PAY THESE ASSESSMENTS, THE ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO PAY THE DEBT. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS OF THE COMMUNITY MAY PROHIBIT THE OWNER FROM MAKING CHANGES TO THE PROPERTY WITHOUT AN ARCHITECTURAL REVIEW BY THE ASSOCIATION (OR A COMMITTEE OF THE ASSOCIATION) AND THE APPROVAL OF THE ASSOCIATION. PURCHASERS OF PROPERTY WITHIN THE COMMON INTEREST COMMUNITY SHOULD INVESTIGATE THE FINANCIAL OBLIGATIONS OF MEMBERS OF THE ASSOCIATION. PURCHASERS SHOULD CAREFULLY READ THE DECLARATION FOR THE COMMUNITY AND THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION.**

(w) Source of Water Disclosure. In accordance with the provisions of C.R.S. §38-35.7-104, Seller provides the following disclosure to Purchaser:

THE SOURCE OF POTABLE WATER FOR THIS REAL ESTATE IS:

A WATER PROVIDER, WHICH CAN BE CONTACTED AS FOLLOWS:

NAME:	**Rangeview Metropolitan District**
ADDRESS:	**c/o Special District Management Services, Inc.** **141 Union Blvd., Suite 150** **Lakewood, Colorado 80228**
WEB SITE:	**www.rangviewmetro.org**
TELEPHONE:	**303-987-0835**

SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND WATER. YOU MAY WISH TO CONTACT YOUR PROVIDER TO DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.

(x) STORM WATER POLLUTION PREVENTION PLAN**.** Seller has previously filed a Notice of Intent ("**NOI**") and/or prepared a Stormwater Pollution Prevention Plan ("**SWPPP**") to satisfy its stormwater obligations arising from its work on the Property. Seller covenants that prior to each Closing Date and until Closing of the Lots, Seller and/or its contractor shall comply with the SWPPP with respect to all of the Lots owned by Seller, and shall comply with all local, state and federal environmental obligations (including stormwater) associated with the development of the Lots. Seller shall indemnify and hold Purchaser harmless from all claims and causes of action arising from breach of the foregoing covenants of Seller to the extent there is an uncured notice of violation issued with respect to any Lot prior to conveyance of the Lot to Purchaser. From and after conveyance of Lots, and until such time as such Lots are subject to Purchaser's SWPPP (as hereafter defined), Purchaser shall be solely responsible for complying with the SWPPP, maintaining all required best management practices (**"BMPs**"), and conducting and documenting all required inspections. Purchaser shall also comply with all local state and federal environmental obligations (including stormwater) associated with its ownership or development of the Lots conveyed to Purchaser by Seller. Such obligations include, without limitation, (i) complying with the SWPPP or the Purchaser's SWPPP, as applicable, (ii) maintaining all required BMPs, and (iii) conducting and documenting all required inspections. Purchaser covenants and Seller acknowledges that, with respect to Lots acquired by Purchaser, Purchaser shall, within ten (10) days after conveyance of such Lots, at its sole cost and expense (subject to Seller's prior written approval) submit its own notice of intent for a new stormwater pollution prevention plan (the "**Purchaser's SWPPP**"). Subsequent to the applicable Closing Date, Purchaser shall comply with the Purchaser's SWPPP with respect to all of the Lots then owned by Purchaser, and shall comply with all local, state and federal environmental obligations (including stormwater) associated with its ownership or development of all such Lots. Purchaser shall indemnify and hold Seller harmless from all third party claims and causes of action solely arising from breach of the foregoing covenants of Purchaser.

(y) Oil, Gas, Water and Mineral Disclosure. THE SURFACE ESTATE OF THE PROPERTY MAY BE OWNED SEPARATELY FROM THE UNDERLYING MINERAL ESTATE, AND TRANSFER OF THE SURFACE ESTATE MAY NOT NECESSARILY INCLUDE TRANSFER OF THE MINERAL ESTATE OR WATER RIGHTS.

THIRD PARTIES MAY OWN OR LEASE INTERESTS IN OIL, GAS, OTHER MINERALS, GEOTHERMAL ENERGY OR WATER ON OR UNDER THE SURFACE OF THE PROPERTY, WHICH INTERESTS MAY GIVE THEM RIGHTS TO ENTER AND USE THE SURFACE OF THE PROPERTY TO ACCESS THE MINERAL ESTATE, OIL, GAS OR WATER.

SURFACE USE AGREEMENT. THE USE OF THE SURFACE ESTATE OF THE PROPERTY TO ACCESS THE OIL, GAS OR MINERALS MAY BE GOVERNED BY A SURFACE USE AGREEMENT, A MEMORANDUM OR OTHER NOTICE OF WHICH MAY BE RECORDED WITH THE COUNTY CLERK AND RECORDER.

OIL AND GAS ACTIVITY. OIL AND GAS ACTIVITY THAT MAY OCCUR ON OR ADJACENT TO THE PROPERTY MAY INCLUDE, BUT IS NOT LIMITED TO, SURVEYING, DRILLING, WELL COMPLETION OPERATIONS, STORAGE, OIL AND GAS, OR PRODUCTION FACILITIES, PRODUCING WELLS, REWORKING OF CURRENT WELLS, AND GAS GATHERING AND PROCESSING FACILITIES.

ADDITIONAL INFORMATION. PURCHASER IS ENCOURAGED TO SEEK ADDITIONAL INFORMATION REGARDING OIL AND GAS ACTIVITY ON OR ADJACENT TO THE PROPERTY, INCLUDING DRILLING PERMIT APPLICATIONS. THIS INFORMATION MAY BE AVAILABLE FROM THE COLORADO OIL AND GAS CONSERVATION COMMISSION.

(z) Property Tax Disclosure Summary. PURCHASER SHOULD NOT RELY ON SELLER'S CURRENT PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT PURCHASER MAY BE OBLIGATED TO PAY IN THE YEAR SUBSEQUENT TO PURCHASE. A CHANGE IN OWNERSHIP OR PROPERTY IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN HIGHER PROPERTY TAXES. IF PURCHASER HAS ANY QUESTIONS CONCERNING VALUATION, CONTACT THE COUNTY PROPERTY APPRAISER'S OFFICE FOR INFORMATION.

(aa) Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THE PROVISIONS OF THIS CONTRACT.

(bb) Confidentiality. Purchaser and Seller agree that, prior to each respective Closing, and thereafter if such Closing does not occur, all information relating to the Property that is the subject of such Closing, any reports, studies, data and summaries developed by Purchaser, and any information relating to the business of either party (together, the "**Confidential Information**") shall be kept confidential as provided in this section. Without the prior written consent of the other party, prior to the applicable Closing, the Confidential Information shall not be disclosed by Purchaser, Seller or their Representatives (as hereinafter defined) in any manner whatsoever, in whole or in part, except (1) to their Representatives who need to know the Confidential Information for the purpose of evaluating the Property and who are informed by Seller or Purchaser as applicable of the confidential nature thereof; (2) as may be necessary for Seller, Purchaser or their Representatives to comply with applicable laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements (including, without limitation, any applicable reporting requirements for publicly traded companies); to comply with other requirements and requests of regulatory and supervisory authorities and self-regulatory organizations having jurisdiction over Seller, Purchaser or their Representatives; to comply with regulatory or judicial processes; or to satisfy reporting procedures and inquiries of credit rating agencies in accordance with customary practices of Seller, Purchaser or their affiliates; and (3) to lenders and investors for the transaction. As used herein, "**Representatives**" shall mean: Seller's and Purchaser's managers, members, directors, officers, employees, affiliates, investors, brokers, agents or other representatives, including, without limitation, attorneys, accountants, contractors, consultants, engineers, lenders, investors and financial advisors. Seller, at its election, may issue an oral or written press release or public disclosure of the existence or the terms of this Contract without the consent of the Purchaser. "**Confidential Information**" shall not be deemed to include any information or document which (I) is or becomes generally available to the public other than as a result of a disclosure by Seller, Purchaser or their Representatives in violation of this Contract, (II) becomes available from a source other than Seller, Purchaser or any affiliates of Seller or Purchaser or their agents or Representatives, or (III) is developed by Seller or Purchaser or their Representatives without reliance upon and independently of otherwise Confidential Information. In addition to any other remedies available to a party for breach of this Section, the non-breaching party shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against the breaching party or its Representatives, in order to enforce the provisions of this section. The provisions of this section shall survive the termination of this Contract, or the applicable Closing, for one (1) year.

(cc) Survival. Obligations to be performed subsequent to a Closing shall survive each Closing.

[**SIGNATURE PAGE FOLLOWS**]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Contract effective as of the day and year first above written.

SELLER:

PCY HOLDINGS, LLC
a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: June 29, 2017

PURCHASER:

KB HOME COLORADO INC., a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: May 31, 2017

LIST OF EXHIBITS

EXHIBIT A:	CONCEPTUAL DEVELOPMENT PLAN AND LOTTING DIAGRAM
EXHIBIT B:	RESERVATIONS AND COVENANTS
EXHIBIT C:	FINISHED LOT IMPROVEMENTS
EXHIBIT D:	FORM OF GENERAL ASSIGNMENT

EXHIBIT A

CONCEPTUAL DEVELOPMENT PLAN AND LOTTING DIAGRAM

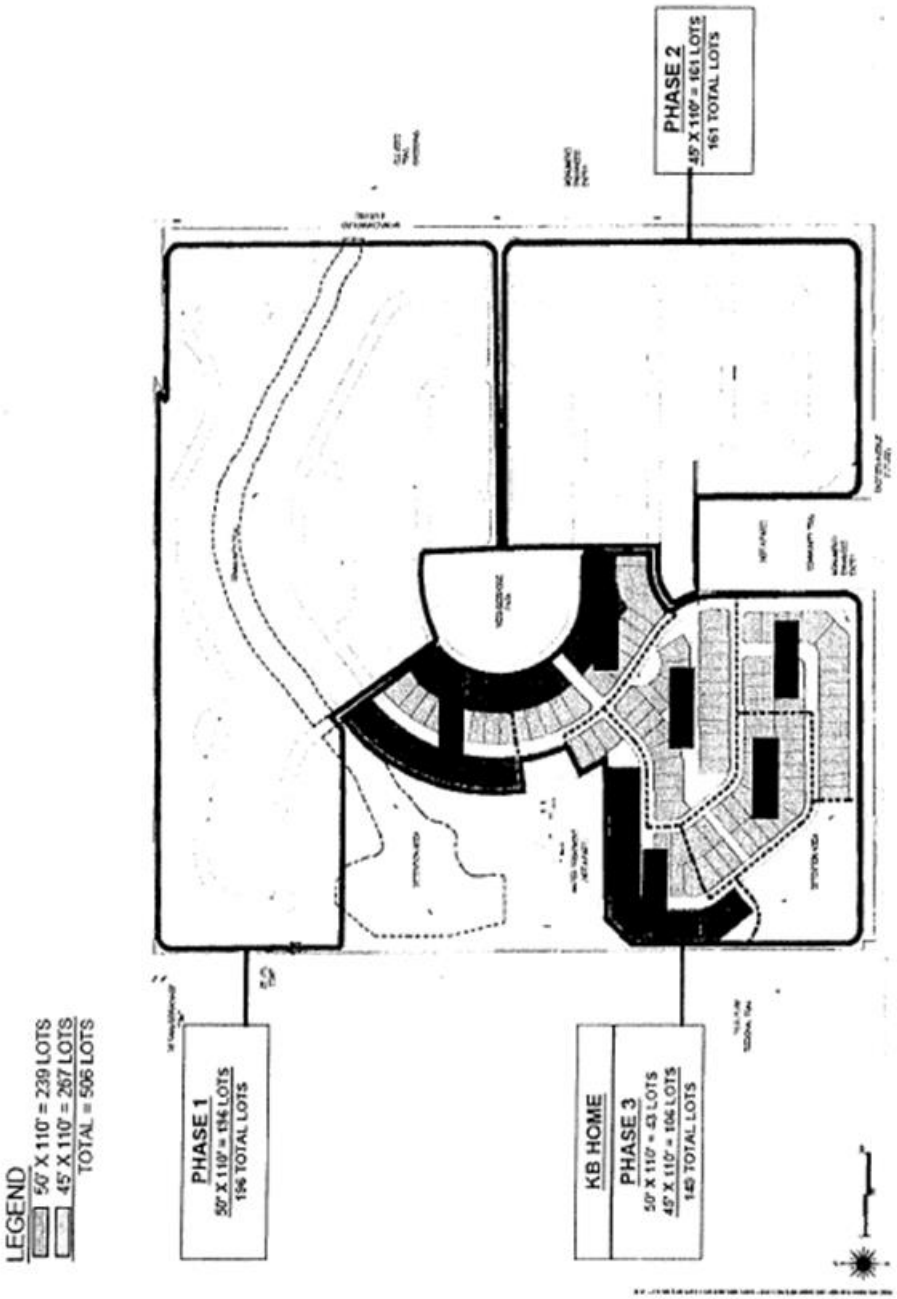


EXHIBIT B

RESERVATIONS AND COVENANTS

Reservation of Easements. Seller (referred to this paragraph as "Grantor") expressly reserves unto itself, its successors and assigns, the right to grant easements for construction of utilities and other facilities to support the development of the properties commonly known as "Sky Ranch," including but not limited to sanitary sewer, water lines, electric, cable, broad-band and telephone transmission, storm drainage and construction access easements across the Property allowing Grantor or its assignees the right to install and maintain sanitary sewer, water lines, cable television, broad-band, electric, and telephone utilities on the Property and on its adjacent property, and further, to accommodate storm drainage from its adjacent property. Such easements shall not allow above-grade surface installation of facilities and shall require the restoration of any surface damage or disturbance caused by the exercise of such easements, shall not be located within the building envelope of any Lot or otherwise interfere with the use of a Lot for construction of Grantee's homes, shall not materially detract from the value, use or enjoyment of (i) the remaining portion of the Property on which such easements are to be located, or (ii) any adjoining property of Grantee, and shall not require any reduction in allowed density for the Property or reconfiguration of planned lots or the building envelope on a lot. If possible, such easements shall be located within the boundaries of existing easement areas. Grantor, at its sole expense, shall immediately restore the land and improvements thereon to their prior condition to the extent of any damage incurred due to Grantor's utilization of the easements herein reserved.

Reservation of Minerals and Mineral Rights. To the extent owned by Grantor, Grantor herein expressly excepts and reserves unto itself, its successors and assigns, all right, title and interest in and to all minerals and mineral rights, including bonuses, rents, royalties, royalty interests and other benefits that may be payable as a result of any oil, gas, gravel, minerals or mineral rights on, in, under or that may be produced from the Property, including, but not limited to, all gravel, sand, oil, gas and other liquid hydrocarbon substances, casinghead gas, coal, carbon dioxide, helium, geothermal resources, and all other naturally occurring elements, compounds and substances, whether similar or dissimilar, organic or inorganic, metallic or non-metallic, in whatever form and whether occurring, found, extracted or removed in solid, liquid or gaseous state, or in combination, association or solution with other mineral or non-mineral substances, provided that Grantor expressly waives all rights to use or damage the surface of the Property to exercise the rights reserved in this paragraph and, without limiting such waiver, Grantor's activities in extracting or otherwise dealing with the minerals and mineral rights shall not cause disturbance or subsidence of the surface of the Property or any improvements on the Property.

Reservation of Water and Water Rights. To the extent owned by Grantor, Grantor herein expressly excepts and reserves unto itself, its successors and assigns, all water and water rights, ditches and ditch rights, reservoirs and reservoir rights, streams and stream rights, water wells and well rights, whether tributary, non-tributary or not non-tributary, including, but not limited to, all right, title and interest under C.R.S. 37-90-137 on, underlying, appurtenant to or now or historically used on or in connection with the Property, whether appropriated, conditionally appropriated or unappropriated, and whether adjudicated or unadjudicated, including, without limitation, all State Engineer filings, well registration statements, well permits, decrees and pending water court applications, if any, and all water well equipment or other personalty or fixtures currently used for the supply, diversion, storage, treatment or distribution of water on or in connection with the Property, and all water and ditch stock relating thereto; provided that Grantor expressly waives all rights to use or damage the surface of the Property to exercise the rights reserved in this paragraph and, without limiting such waiver, Grantor's activities in dealing with the water and water rights herein reserved shall not cause disturbance or subsidence of the surface of the Property or any improvements on the Property.

The obligations and covenants set forth herein shall be binding on Grantee, its successors and assigns, and any subsequent owners of the Property.

EXHIBIT C

FINISHED LOT IMPROVEMENTS

1. "**Finished Lot Improvements**" means the following improvements on, to or with respect to the Lots or in public streets or tracts in the locations as required by all approving Authorities, and substantially in accordance with the CDs:

(a) overlot grading together with corner pins for each Lot installed in place, graded to match the specified Lot drainage template within the CDs (but not any Overex);

(b) water and sanitary sewer mains and other required installations in connection therewith identified in the CDs, valve boxes and meter pits, substantially in accordance with the CDs approved by the approving Authorities, together with appropriate markers;

(c) storm sewer mains, inlets and other associated storm drainage improvements pertaining to the Lots in the public streets as shown on the CDs;

(d) curb, gutter, asphalt, sidewalks, street striping, street signage, traffic signs, traffic signals (if any are required by the approving Authorities), and other street improvements, in the private and/or public streets as shown on the CDs; for purposes of "Substantial Completion", Seller will either have applied a final lift of asphalt or in Seller's discretion posted sufficient financial guarantees as required by the County for the Lots to qualify for issuance of building permits in lieu of such final lift of asphalt;

(e) sanitary sewer service stubs if required by the Authorities, connected to the foregoing sanitary sewer mains, installed into each respective Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the CDs;

(f) water service stubs connected to the foregoing water mains installed into each Lot (to a point beyond any utility easements), together with appropriate markers of the ends of such stubs, as shown on the CDs;

(g) Lot fill in compliance with the geotechnical engineer's recommendation, and with respect to any filled area or compacted area, provide from a Colorado licensed professional soils engineer a HUD Data Sheet 79G Certification (or equivalent) and a certification that the compaction and moisture content recommendations of the soils engineer were followed and that the grading of the respective Lots complies with the approved grading plans, with overlot grading completed in conformance with the approving Authorities approved grading plans within a +/- 0.2' tolerance of the approved grading plans; however, the Finished Lot Improvements do not include any Overex as provided in Section 10(e) of the Contract;

(h) all storm water management facilities as shown in the CDs; and

2. Dry Utilities. Electricity, natural gas, and telephone service will be installed by local utility companies. The installations may not be completed at the time of a Closing, and are not part of the Finish Lot Improvements; provided, however, that: (i) with respect to electric distribution lines and street lights, Seller will have signed an agreement with the electric utility service provider and paid all costs and fees for the installation of electric distribution lines and facilities to serve the Lots, and all sleeves necessary for electric, gas, telephone and/or cable television service to the Lots will be installed; (ii) with respect to gas distribution lines, Seller will have signed an agreement with the gas utility service provider, and paid all costs and fees for the installation of gas distribution lines and facilities to serve the Lots. Seller will take commercially reasonable efforts to assist Purchaser in coordinating with these utility companies to provide final electric, gas, telephone and cable television service to the residences on the Lots, however, Purchaser must activate such services through an end user contract. Purchaser acknowledges that in some cases the telephone and cable companies may not have pulled the main line through the conduit if no closings of residences have occurred. Notwithstanding the foregoing, if dry utilities have not been installed upon Substantial Completion of the Finished Lot Improvements, Seller shall be obligated to have contracted for same and paid all costs and fees payable for such installation. Unless Seller has contracted for such installation and paid such costs before the Effective Date, Seller will give Purchaser notice when such contracts have been entered and such costs paid. With respect to any other improvements that are required by the subdivision improvement agreement applicable to the Lots but which are not addressed as part of the Finished Lot Improvements, Seller shall complete such other improvements, to the extent required by the County, so as not to delay the issuance of building permits or certificates of occupancy for residences constructed on the Lots.

3. CO Required Improvements. The improvements which are not required for the issuance of building permits, but which are required by the Authorities so that dwellings and other home improvements constructed or to be constructed by Purchaser on the Lots are eligible for the issuance of certificates of occupancy for homes will be completed by Seller as required by the Authorities so that Purchaser is not delayed or prevented from obtaining certificates of occupancy for homes constructed by Purchaser on the Lots.

4. Wastewater Treatment Facilities. Rangeview will be constructing a new wastewater reclamation facility ("WWRF") for the Development. Prior to closing, Seller shall provide evidence to Purchaser that Rangeview has received the necessary authorizations from the Water Quality Control Division of the Colorado Department of Public Health and Environment and from the County to construct the WWRF, and has awarded a contract for the construction of the WWRF. Purchaser acknowledges that the currently planned WWRF for the Development may not be Substantially Complete on or before the dates that Purchaser obtains building permits and certificates of occupancy for Lots. Therefore, Seller shall provide, at Seller's sole cost, a temporary alternative service for the processing of wastewater sufficient for the issuance of building permits and certificates of occupancy consisting of two sequential batch reactor basins with a combined volume of 500,0000 gallons, along with appurtenant facilities to mitigate the development of odors, that Rangeview's engineer will certify as having been constructed in accordance with approved plans and specifications (the "**Alternative Service**"). The Alternative Service shall be operational on the date that Purchaser closes on such Lot, as part of Substantial Completion of the Finished Lot Improvements, and shall continue in operation until such time as the wastewater treatment plant is substantially complete and placed into operation. In the event the County withholds such building permits and/or certificates of occupancy pending final completion of the WWRF, Purchaser may, at its election, upon notice to Seller, defer any applicable closing until such a time that the County deems the Lots are eligible for permit issuance. On or before the First Closing, Seller have deposited funds into an escrow with the Title Company pursuant to an "**Offsite Infrastructure Escrow Agreement**" equal to the contracted cost to substantially complete the WWRF for the Development which Seller and/or Rangeview shall have the right to draw upon to pay for water and sewer infrastructure improvements as constructed. The form of the Offsite Infrastructure Escrow Agreement shall be provided to Purchaser for Purchaser's review not less than twenty (20) days prior to the expiration of the Due Diligence Period and shall be subject to Purchaser's review and approval during the Due Diligence Period and if Purchaser is not satisfied with such agreement for any reason, then Purchaser's sole remedy shall be to terminate this Agreement under Section 10(a) and if Purchaser does not so terminate the Agreement then the Offsite Infrastructure Escrow Agreement shall be deemed approved. At Closing the Purchaser may become a party by joinder to the Offsite Infrastructure Escrow Agreement solely with respect to remedies for a Seller default in timely completing the Offsite Infrastructure Improvements, including a step right if Seller does not timely complete the WWRF.

5. Tree Lawns/Sidewalks. Notwithstanding anything in this Contract to the contrary, Seller shall have no obligation to construct, install, maintain or pay for the maintenance, construction and installation of (i) any landscaping or irrigation for such landscaping behind the curb on any Lot that is to be maintained by the owner of such lot (collectively, "**Tree Lawns**"), but Seller shall be responsible for constructing and installing the detached sidewalks and ramps (collectively, "**Sidewalks**") that are located immediately adjacent to any Lot or on a tract as required by the approved CDs, County, or any other Authority and/or applicable laws as provided in this Contract. Purchaser shall be responsible for installing any other lead walks, pathways, and driveways and any other flatwork on the Lots. Purchaser shall install all Tree Lawns on or adjacent to the Lots in accordance with all applicable CDs, requirements, regulations, laws, development codes and building codes of all Authorities.

6. Warranty.

(a) Government Warranty Period**.** The Authorities require warranties (each a "**Governmental Warranty**") for periods of time after the final completion (each a "**Government Warranty Period**") that is applicable to certain Finished Lots Improvements that are dedicated to or owned, and accepted for maintenance by the Authorities (the "**Public Improvements**"). In the event a claim is made under a Governmental Warranty or defects in the Public Improvements are discovered or become apparent during the applicable Government Warranty Period, then Seller shall coordinate the repairs with the applicable Authorities and cause the contractors and service provider(s) who performed the work or supplied the materials in which the defect(s) appear to complete such repairs or, if such service providers fail to correct such defects, otherwise cause such defects to be repaired to the satisfaction of the Authorities. Any costs and expenses incurred pursuant to a Government Warranty in connection with any repairs or warranty work performed during the Government Warranty Period (including, but not limited to, any costs or expenses incurred to enforce any warranties against any service providers) shall be borne by Seller, unless such defect was caused by Purchaser or its contractors, subcontractors, employees, or agents, in which event Purchaser shall pay all such costs and expenses to the extent such defect was caused by Purchaser or its contractors, subcontractors, employees, or agents.

(b) Non-Government Warranty Period**.** Seller warrants ("**Non-Government Warranty**") to Purchaser that each Finished Lot Improvement, other than the Public Improvements, shall have been constructed in accordance with the CDs and other applicable Entitlements for one (1) year from the date of Final Completion of the Improvement (the "**Non-Government Warranty Period**"). If Purchaser delivers written notice to Seller of breach of the Non-Government Warranty during the Non-Government Warranty Period, then Seller shall coordinate the corrections with Purchaser and cause the contractors and service provider(s) who performed the work or supplied the materials in which the breach of Non-Government Warranty appears to complete such corrections or, if such contractors and service providers fail to make such corrections, otherwise cause such corrections to be made to the reasonable satisfaction of Purchaser. Any costs and expenses incurred in connection with a breach of the Non-Government Warranty shall be borne by Seller (including, but not limited to, any costs or expenses incurred to enforce any warranties against contractors and service providers), unless such breach was caused by Purchaser or its contractors, subcontractors, employees, or agents, in which event Purchaser shall pay all such costs and expenses to the extent the breach was caused by Purchaser or its contractors, subcontractors, employees, or agents.

(c) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 6 OF THIS EXHIBIT C AND ELSEWHERE IN THE CONTRACT OR OTHER CLOSING DOCUMENTS ENTERED BY SELLER AT OR PRIOR TO CLOSING, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO PURCHASER IN RELATION TO THE FINISHED LOT IMPROVEMENTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS ALL OF THE SAME AND SHALL HAVE NO OBLIGATION TO REPAIR OR CORRECT AND SHALL HAVE NO LIABILITY OR RESPONSIBILITY WITH RESPECT TO ANY DEFECT IN IMPROVEMENTS FOR WHICH NO CLAIM IS ASSERTED DURING THE APPLICABLE WARRANTY PERIOD OR AS OTHERWISE PROVIDED BY LAW.

EXHIBIT D

FORM OF GENERAL ASSIGNMENT

GENERAL ASSIGNMENT

Reference is hereby made to that certain Purchase and Sale Agreement dated as of _____, 2017 (the "Agreement"), pursuant to which PCY Holdings, LLC, a Colorado limited liability company ("Seller"), has agreed to sell to KB Home Colorado Inc., a Colorado corporation ("Purchaser"), the Property as described in the Agreement.

For good and valuable consideration, the receipt of which is hereby acknowledged, Seller hereby assigns and transfers to Purchaser on a non-exclusive basis, Seller's right, title and interest (but not any obligations, all of same remaining with seller) in the following as the same relate solely to the Property, and to the extent the same are assignable: (i) all subdivision agreements, development agreements, and entitlements; (ii) all construction plans and specifications; (iii) all construction and other warranties and indemnities including any and all warranties from all contractors and service provider(s) who performed work or supplied materials for the Property and the Development; and (iv) all development rights benefiting the Property.

SELLER:

PCY Holdings, LLC,
a Colorado corporation

By:
Name:
Title:
Date:

FIRST AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS FIRST AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to September 15, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: August 28, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: August 28, 2017

SECOND AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS SECOND AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to September 29, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: September 15, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: September 15, 2017

THIRD AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS THIRD AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to October 6, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: September 28, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name:
Title:
Date:

FOURTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS FOURTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to October 13, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date:

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: October 9, 2017

FIFTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS FIFTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to October 20, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: October 18, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: October 18, 2017

SIXTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS SIXTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to October 31, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: October 20, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: October 20, 2017

SEVENTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS SEVENTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to November 3, 2017.

2 . **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: October 31, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: Division President
Date: October 31, 2017

EIGHTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS EIGHTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

A. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

B. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

1. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to November 7, 2017.

2. **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date:

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: November 3, 2017

NINTH AMENDMENT TO
CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE
(Sky Ranch)

THIS NINTH AMENDMENT TO CONTRACT FOR PURCHASE AND SALE OF REAL ESTATE (this "**Amendment**") is made as of the date the last of the Parties executes and dates this Amendment (the "**Effective Date**"), by and between **PCY HOLDINGS, LLC**, a Colorado limited liability company ("**Seller**"), and **KB HOME COLORADO INC.**, a Colorado corporation ("**Purchaser**"). Seller and Purchaser may be referred to collectively as the "**Parties**."

RECITALS

C. Seller and Purchaser previously entered into a Contract For Purchase And Sale of Real Estate effectively dated June 29, 2017 (the "**Contract**") for approximately 149 platted single-family detached residential lots in the Sky Ranch master planned residential community in the County of Arapahoe, State of Colorado.

D. Purchaser and Seller now desire to amend the terms and conditions of the Contract as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser and Seller hereby agree as follows:

3. **Due Diligence Period**. The expiration of the Due Diligence Period, as defined in Section 10(a) of the Contract, is hereby extended to November 10, 2017.

4. **Miscellaneous**. In the case of any conflict between the terms of this Amendment and the provisions of the Contract, the provisions of this Amendment shall control. Except as the Contract is specifically modified by this Amendment, the Parties hereby ratify, reaffirm, and restate the terms of the Contract. This Amendment may be executed in counterparts, each of which shall be deemed an original and may be signed and delivered by facsimile transmission or electronic mail, and all of which, when taken together, shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the last day and year written below.

SELLER:

PCY HOLDINGS, LLC, a Colorado limited liability company

By: /s/ Mark Harding
Name: Mark Harding
Title: President
Date: November 7, 2017

PURCHASER:

KB HOME COLORADO INC.,
a Colorado corporation

By: /s/ Randy Carpenter
Name: Randy Carpenter
Title: President
Date: November 7, 2017

EXHIBIT 21.1

SUBSIDIARIES

PCY Holdings, LLC, a Colorado limited liability company
PCY-DT, LLC, a Colorado limited liability company

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-115240) and Form S-8 (No. 333-195733) of Pure Cycle Corporation of our report dated November 15, 2017, related to the financial statements as of and for the year ended August 31, 2017 and effectiveness of internal control over financial reporting as of August 31, 2017 of Pure Cycle Corporation, which appears on page F-1 of this annual report on Form 10-K for the year ended August 31, 2017.

/s/ CROWE HORWATH LLP

Denver, Colorado
November 15, 2017

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-115240) and Form S-8 (No. 333-195733) of Pure Cycle Corporation of our report dated October 27, 2016, related to the financial statements as of and for the two year period ended August 31, 2016 of Pure Cycle Corporation (which expresses an unqualified opinion), which report appears in the August 31, 2017 annual report on Form 10-K of Pure Cycle Corporation.

/s/ GHP HORWATH, P.C.

Denver, Colorado
November 15, 2017

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark W. Harding, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pure Cycle Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 15, 2017

/s/ Mark W. Harding
Mark W. Harding
Principal Executive Officer and Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark W. Harding, the Chief Executive Officer and Chief Financial Officer of Pure Cycle Corporation (the "Company"), hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K of the Company for the fiscal year ended August 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Mark W. Harding
Mark W. Harding
Principal Executive Officer and Principal Financial Officer
November 15, 2017