

JOINT USE AND COST SHARING AGREEMENT

This JOINT USE AND COST SHARING AGREEMENT ("Agreement") is made and entered into as of April 9, 2004 by and between CARDIFF GLEN MASTER ASSOCIATION, a Colorado non-profit corporation ("Master Association"), CARDIFF GLEN RESIDENCES HOMEOWNERS ASSOCIATION, a Colorado non-profit corporation ("Residences Association"), STUDIO 3 LAND COMPANY, LLC, a Colorado limited liability company ("Studio 3"), and VILLAGE HOMES OF COLORADO, INC., a Colorado corporation ("Village Homes"). Master Association, Studio 3 and Village Homes are sometimes referred to herein individually as "Party" and collectively as the "Parties."

RECITALS

A. On February 3, 1999, the City Council of the City of Glenwood Springs, Colorado ("City") approved on second reading the P.U.D. zoning for Cardiff Glen, as evidenced by Ordinance No.3, Series 1999 and the Cardiff Glen PUD Zoning Application, revised December 10, 1998, including the attached maps for Existing Conditions, PUD Context Map, PUD Zoning Plan, PUD Subdivision Plan, and Parks and Open Space Plan (collectively, the "Zoning Approval"). Furthermore, on June 3, 1999, City approved the major development and subdivision application for Cardiff Glen P.U.D. ("Subdivision Approval") as evidenced by the Plat of Cardiff Glen P.U.D. recorded June 24, 1999 as Reception No. 547815 ("Plat"). The Zoning Approval and Subdivision Approval are collectively referred to herein as the "Development Approval."

B. Studio 3, as the master developer of the existing portions of the Cardiff Glen P.U.D., entered into the Cardiff Glen Subdivision Improvements Agreement with the City, recorded with the Clerk and Recorder of Garfield County, Colorado on June 24, 1999 in Book 1136 at Page 905, Reception No. 547817, as amended (the "SIA"), and also entered into a Cost Sharing Agreement Regarding Raw Water Irrigation System dated April 6, 2001 with the City, Park East Land Company, LLC and the Roaring Fork School District RE-1 ("Raw Water Agreement").

C. Studio 3 executed and caused to be recorded a certain Master Declaration of Cardiff Glen, recorded on June 24, 1999, at Reception No. 547816 in the office of the Clerk and Recorder of Garfield County, Colorado, as supplemented and amended from time to time, including without limitation by the First Amendment to Master Declaration of Cardiff Glen, Second Amendment to Master Declaration of Cardiff Glen (adding Filing Two), Third Amendment to Master Declaration of Cardiff Glen (adding Filing Three) and Fourth Amendment to Master Declaration of Cardiff Glen (regarding Filing Four and Five) (collectively the "Master Declaration").

D. The Master Declaration established the Master Association as the master homeowner's association for the existing portion of the Cardiff Glen P.U.D., located in the City

Return to:

Edward R. Gorab
1350 Seventeenth Street
Suite 400, MarKet Center
Denver, CO 80202

of Glenwood Springs ("City"), Garfield County, Colorado. For purposes of this Agreement, the "Master Association" shall include any and all sub-associations created in accordance with the terms of the Master Declaration, specifically including without limitation the Residences Association which was established by the Declaration of Cardiff Glen Residences, recorded on October 25, 2000, in Book 1214 at Page 330, Reception No. 571391, in the office of the Clerk and Recorder of Garfield County, Colorado, as supplemented and amended from time to time ("Residences Declaration").

E. The SIA and Raw Water Agreement provide for funding and construction of a raw water irrigation system to provide landscape irrigation for all of Cardiff Glen, as well as other limited areas within the City (the "Raw Water System"). The offsite portions of the Raw Water System have been constructed and are to be owned and maintained by the City. The portions of the Raw Water System located within Cardiff Glen are currently operated by the Master Association on behalf of the existing residents of Cardiff Glen (the "Existing Residents").

F. The Development Approval and SIA provide for creation of Grand River Park (Tract A), which is intended for common use by all of the residents of Cardiff Glen, to be owned and maintained by a Cardiff Glen homeowner's association. Grand River Park has already been constructed by Studio 3. A portion of Grand River Park was separately platted as Tract A-1 according to the final plat of Cardiff Glen P.U.D. Filing Three ("Tract A-1"), but the remainder of Grand River Park has yet to be legally platted and dedicated to a homeowner's association. The Development Approval and SIA also provide for additional common area landscape tracts intended for common use by all of the residents of Cardiff Glen, to be owned and maintained by a Cardiff Glen homeowner's association, including Tracts B and C of Cardiff Glen P.U.D. Filing Two and the future Tract D. In addition, certain landscape improvements are planned along County Road 116 (Airport Road) adjacent to Cardiff Glen ("Airport Road Landscaping") which shall be owned and maintained by a Cardiff Glen homeowner's association. For purposes of this Agreement, Grand River Park (including Tract A-1), as well as Tracts B and C, Future Tract D, and Airport Road Landscaping are collectively referred to at the "Common Areas."

G. Studio 3 is planning to convey to Village Homes certain real property more fully described on Exhibit A attached hereto and incorporated herein by this reference, which consists of all the property in the Cardiff Glen, P.U.D., excluding the lots, tracts and streets that were specifically platted with the final plats of Cardiff Glen Filings No. 1, 2 and 3 (the "Contract Property").

H. According to the terms of that certain Representations and Release (Master Declaration) and that certain Representations and Release (Cardiff Glen Residences) dated on or about the same date as this Agreement, Studio 3 has represented and confirmed that the Contract Property is not subject to the terms of the Master Declaration or Residences Declaration and is not part of the Master Association or Residences Association. It is Village Homes' intention to create one or more separate homeowner's associations for the Contract Property (the "Village HOAs").

I. The Master Association and Residences Association hereby consent to and acknowledge that the Contract Property is not presently and shall not be subject to the Master Declaration or the Residences Declaration and that the Contract Property is not presently and shall not be a part of the Master Association or the Residences Association.

J. The Parties acknowledge and agree that it is in the best interests of all of the Parties and all of the current and future residents of Cardiff Glen, and is the intent of the Development Approval, SIA and Raw Water Agreement, to provide for joint use and cost sharing between the Master Association and the Village HOAs concerning the Raw Water System and the Common Areas. The Parties wish to document the terms and conditions of such joint use and maintenance cost sharing by means of this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein and the mutual benefits to be derived therefrom, the sufficiency of which is mutually acknowledged, the Parties agree as follows:

1. Incorporation of Recitals. The above Recitals are hereby incorporated into this Agreement.

2. Raw Water System. The Parties agree that Village Homes shall have the right to connect to the Raw Water System, both offsite and within the existing portions of Cardiff Glen, for purposes of extending the Raw Water System to provide landscape irrigation for the Contract Property; and the Parties hereby grant to Village Homes an easement on, over and across Cardiff Glen for such purposes. The Parties further agree that the Village HOAs, and the future residents of the Contract Property ("Future Residents"), shall have the right to use the Raw Water System, and the water provided by that system, for landscape irrigation under the same terms and conditions as the Master Association and the Existing Residents; and the Parties hereby grant to Future Residents an easement on, over and across Cardiff Glen for such purposes. The Master Association and the Village HOAs shall share the cost of maintenance of the portions of the Raw Water System located within Cardiff Glen in direct proportion to the acreage of landscaped area owned and maintained by the Master Association and/or Existing Residents that is irrigated by the Raw Water System, compared to the acreage of landscaped area owned and maintained by the Village HOAs and Future Residents that is irrigated by the Raw Water System. The City charges the Master Association use fees for the raw water based on a master meter for all of Cardiff Glen. The Master Association and the Village HOAs shall share the cost of the use fees for landscape irrigation within Cardiff Glen in the same manner and proportion as described above concerning cost sharing for maintenance. It is expected that the proportional cost sharing under this Agreement shall change over time as new residential units are completed and new landscaping is installed for the Village HOAs and the Future Residents of Cardiff Glen.

3. Common Areas. The Parties agree that the Village HOAs and Future Residents shall have the right to use the Common Areas under the same terms and conditions as the Master Association and the Existing Residents. The Master Association and the Village HOAs shall

{00026737 DOC; 1}

Joint Use and Cost Sharing Agreement - Cardiff Glen

Page 3 of 11

share the cost of maintenance of the Common Areas in direct proportion to the number of residential units within the Master Association, compared to the number of residential units within the Village HOAs. It is expected that this proportional cost sharing under this Agreement shall change over time as Future Residents close the purchase of their homes in Cardiff Glen and are added to the Village HOAs.

4. Maintenance of Portions of the Raw Water System and of the Common Areas: Budget. Master Association shall be responsible for the maintenance, repair and replacement of the portions of the Raw Water System located within Cardiff Glen and of the Common Areas, and shall complete such maintenance, repair and replacement in a timely, good and workmanlike manner. Within 1 month after approval of final plat(s) for the Contract Property, and at least 1 month prior to the beginning of each calendar year, Master Association shall provide the other Parties with a written proposed budget which identifies the anticipated costs of maintenance, repair and replacement of the portions of the Raw Water System located within Cardiff Glen and of the Common Areas for the subsequent calendar year ("Budget"). Within 14 days after receipt of the Budget, the Parties shall agree upon the Budget.

5. Miscellaneous.

A. Authority. Each Party, and the individuals who sign below on behalf of each Party, hereby represent that they have the full authority to execute this Agreement and that no further consents or approvals are required to fully bind such Party to the terms and conditions of this Agreement.

B. Successors and Assigns. Village Homes may assign its rights and obligations under this Agreement, in whole or in part, to the Village HOAs. Except as provided in the preceding sentence, no Party shall assign this Agreement without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors and assigns.

C. Applicable Law. This Agreement, and all disputes related hereto, shall be governed by and construed according to the laws of the State of Colorado.

D. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof. In entering into this Agreement, neither Party has relied upon any promise, representation or assurance of any nature except as specifically provided herein. No amendments or modifications to this Agreement shall be made or deemed to have been made unless in writing executed and delivered by the Party to be bound thereby.

E. Headings. The descriptive headings of the various Paragraphs and subparagraphs contained in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

F. Severability. In the event any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein, and any other application thereof, shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

G. Recommendation of Legal Counsel. By signing this Agreement, the Parties acknowledge that they have been advised that this Agreement has important legal consequences and that they have been recommended to consult with legal and other counsel before signing this Agreement.

H. Not to be Construed Against Drafter. This Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it may have been initially or fully drafted by counsel for one of the Parties; it being recognized that all Parties contributed substantially and materially to the preparation of this Agreement.

I. Counterpart Execution and Facsimiles and Copies of Signatures. This Agreement may be executed in counterparts, all of which taken together shall be deemed one original. Facsimile transmissions and copies of signatures shall be accepted and binding as originals.

J. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be delivered by hand delivery, recognized overnight delivery service, facsimile (provided that a conforming copy is simultaneously deposited for delivery via U.S. Mail), or regular U.S. mail (but notices of default shall be by certified mail, return receipt requested) with a duplicate copy transmitted by facsimile, to the addresses and numbers set forth below, or to such other addresses and numbers as any Party may designate by written notice to the others, and shall be deemed effective upon the date of such delivery or completion of facsimile transmission, with evidence thereof, whichever is first:

MASTER ASSOCIATION:

Cardiff Glen Master Association
c/o Studio 3 Land Company, LLC
0155 Maroon Mesa Road
Carbondale, CO 81623
Facsimile: 970-9634-6707

RESIDENCES ASSOCIATION:

Cardiff Glen Residences Homeowners Association
c/o Studio 3 Land Company, LLC
0155 Maroon Mesa Road
Carbondale, CO 81623
Facsimile: 970-9634-6707



650496 04/20/2004 03:33P B1579 P436 M ALSDORF
6 of 13 R 66.00 D 0.00 GARFIELD COUNTY CO

STUDIO 3:

Studio 3 Land Company, LLC
0155 Maroon Mesa Road
Carbondale, Colorado 81623
Attention: Tom Stevens
Facsimile: 970-963-6707

VILLAGE HOMES:

Village Homes of Colorado, Inc.
6 West Dry Creek Circle
Littleton, Colorado 80120
Attention: Terry Kyger
Facsimile: (303) 795-9575

and

Village Homes of Colorado, Inc.
6 West Dry Creek Circle
Littleton, Colorado 80120
Attention: Mark Osborn
Facsimile: (303) 795-1467

K. Attorney Fees. In the event any legal action is instituted by any Party in connection with this Agreement, the prevailing Party shall be awarded reasonable attorney fees and costs, including, without limitation, expert witness fees, in addition to the other remedies provided herein.

L. Recording. The Parties hereby consent and agree that this Agreement shall be recorded with the Clerk and Recorder of Garfield County, Colorado.

[SIGNATURE PAGES FOLLOW]



IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

MASTER ASSOCIATION

Cardiff Glen Master Association,
a Colorado non-profit corporation

By: _____
Name: _____
Title: _____
Date: _____

By: Eric W. Walter
Name: ERIC W. WALTER
Title: CARDIFF GLEN BOARD MEMBER
Date: 4/8/04

By: _____
Name: _____
Title: _____
Date: _____

By: Paul A. Hamilton
Name: PAUL A. HAMILTON
Title: CARDIFF GLEN BOARD MEMBER
Date: 4/8/04

By: _____
Name: _____
Title: _____
Date: _____

STATE OF COLORADO

COUNTY OF Garfield

)
) ss.
)

The foregoing instrument was acknowledged before me this 8th day of April, 2004, by
Paul A. Hamilton as Cardiff Glen Board Member
Eric W. Walter as Cardiff Glen Board Member,
as _____,
as _____, and
as _____,
of CARDIFF GLEN MASTER ASSOCIATION, a Colorado non-profit corporation.



Witness my hand and official seal.

Steven Sales
Notary Public
My Commission expires: 5/27/2007



650496 04/20/2004 03:30 B1579 P438 M ALSDORF
8 of 13 R 66.00 D 0.00 GARFIELD COUNTY CO

FROM :

FAX NO. :00871600253170

13 Apr. 2004 04:52PM P6

Apr 13 04 05:34p

Lauris L. Stevens

870 704-9943

p.3

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

MASTER ASSOCIATION

Cardiff Glen Master Association,
a Colorado non-profit corporation

By: [Signature]
Name: RICHARD A. FALLON
Title: MEMBER
Date: APRIL 13, 2004

By: _____
Name: _____
Title: _____
Date: _____

By: [Signature]
Name: THOMAS A. STEVENS
Title: Managing Member
Date: 4.13.04 President

By: _____
Name: _____
Title: _____
Date: _____

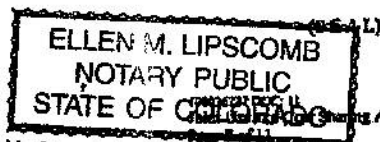
By: [Signature]
Name: John R. Baker
Title: Managing Member - VP
Date: 4.13.04

STATE OF COLORADO

COUNTY OF Garfield

The foregoing instrument was acknowledged before me this 14th day of April, 2004, by
Thomas A. Stevens as President
John R. Baker as Managing Member
Richard A. Fallon as Member
and
of CARDIFF GLEN MASTER ASSOCIATION, a Colorado non-profit corporation.

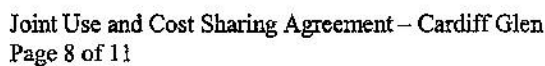
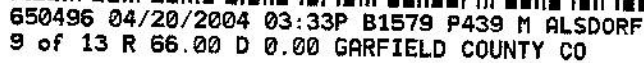
Witness my hand and official seal.



[Signature]
Notary Public
My Commission expires: _____

Witness Agreement - Cardiff Glen

My Commission Expires Sept. 21, 2006





650496 04/20/2004 03:33P 579 P440 M ALSDORF
10 of 13 R 66.00 D 0.00 GARFIELD COUNTY CO

FROM:

Apr 13 04 05:34p

FAX NO. :00871600253170

Laurie L. Stevens

13 Apr. 2004 04:52PM P7

070 704 0043

p.4

RESIDENCES ASSOCIATION

Cardiff Glen Residences Homeowners Association,
a Colorado non-profit corporation

By: [Signature]
Name: Richard A. Farnsworth
Title: Member
Date: April 13, 2004

By: _____
Name: _____
Title: _____
Date: _____

By: [Signature]
Name: THOMAS O. STEVENS
Title: Managing Member
Date: 4-13-04 President

By: _____
Name: _____
Title: _____
Date: _____

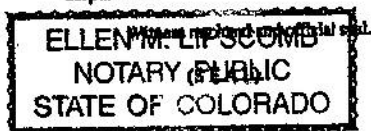
By: [Signature]
Name: John R. Barker
Title: Vice President
Date: 4-13-04

STATE OF COLORADO

COUNTY OF Jefferson

The foregoing instrument was acknowledged before me this 14th day of April, 2004, by
Thomas O. Stevens as President
John R. Barker as Vice President
Richard A. Farnsworth as Member
and

of CARIFF GLEN RESIDENCES HOMEOWNERS ASSOCIATION, a Colorado non-profit corporation.



My Commission Expires Sept. 21, 2006

[Signature]
Notary Public
My Commission expires _____



650496 04/20/2004 03:33P 579 P441 M ALSDORF
11 of 13 R 66.00 D 0.00 GARFIELD COUNTY CO

FROM :

FAX NO. :00871600253170

13 Apr. 2004 04:51PM P5

Apr 13 04 05:33p

Laurie L. Stevens

870 704 9943

p.2

STUDIO 3

Studio 3 Land Company, LLC.
a Colorado limited liability company

By: [Signature]
Name: Richard K. Allen
Title: Member
Date: April 13, 2004

By: [Signature]
Name: John R. Baker
Title: Member
Date: 4-13-04

By: [Signature]
Name: THOMAS G. STEVENS
Title: Member
Date: 4-13-04

STATE OF COLORADO

COUNTY OF DeFueled

The foregoing instrument was acknowledged before me this 14th day of April, 2004, by
Thomas G. Stevens as member
John R. Baker as member and
Richard K. Allen as member
of STUDIO 3 LAND COMPANY, LLC, a Colorado limited liability company.

Witness my hand and official seal.

(SEAL)

[Signature]
Notary Public
My Commission expires: _____

ELLEN M. LIPSCOMB
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires Sept. 21, 2006



650496 04/20/2004 03:33P 0579 P442 M ALSDORF
12 of 13 R 66.00 D 0.00 GARFIELD COUNTY CO

VILLAGE HOMES

Village Homes of Colorado, Inc.,
a Colorado corporation

By: [Signature]
Name: John E. Osborn
Title: Chief Executive Officer
Date: 4-10-04

STATE OF COLORADO

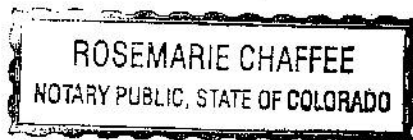
)
) ss.
)

COUNTY OF Jefferson

The foregoing instrument was acknowledged before me this 10th day of April, 2004, by John E. Osborn as Chief Executive Officer of VILLAGE HOMES OF COLORADO, INC., a Colorado corporation.

Witness my hand and official seal.

(SEAL)



Rosemarie Chaffee
Notary Public
My Commission expires: 4-10-2008

650496 04/20/2004 03:33P B1579 P443 M ALSDRF
13 of 13 R 66.00 D 0.00 GARFIELD COUNTY CO

EXHIBIT A
TO JOINT USE AND COST SHARING AGREEMENT

(Contract Property)

CARDIFF GLEN P.U.D. ACCORDING TO THE PLAT RECORDED JUNE 24, 1999 UNDER RECEPTION NO. 547815

LESS AND EXCEPT TRACT I, LOTS 67 TROUGH 91, AND MORGAN STREET, CULVER CIRCLE, WINTERS LANE, AND THE EASTERLY PORTION OF CRAWFORD WAY, CARDIFF GLEN, P.U.D., GARFIELD COUNTY, COLORADO AS SHOWN ON THE SUBDIVISION PLAT OF CARDIFF GLEN P.U.D., FILING ONE RECORDED JUNE 24, 1999 AS RECEPTION NO. 547815, AND

LESS AND EXCEPT LOTS 37 THROUGH 63, LOTS 93 AND 94, TRACTS B AND C, PART OF CRAWFORD WAY, SHEPHERD'S LANE AND STOCTON ROAD, CARDIFF GLEN P.U.D., GARFIELD COUNTY, COLORADO, AS SHOWN ON THE SUBDIVISION PLAT OF CARDIFF GLEN, P.U.D., FILING TWO, RECORDED APRIL 6, 2001, AS RECEPTION NO. 578837.

LESS AND EXCEPT LOT 98, TRACT A-1 AND TRACT E, AS SHOWN ON THE SUBDIVISION PLAT OF CARDIFF GLEN, P.U.D., FILING THREE RECORDED MAY 6, 2002, AS RECEPTION NO. 602820.

COUNTY OF GARFIELD
STATE OF COLORADO