

CONTRACT AND ASSIGNMENT OF RIGHT TO ENFORCE COVENANTS

This Assignment, date and effective as of this 18th day of October, 2007, (the "Assignment"), is made by and between the Woodmen Hills Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado ("Assignor") and Woodmen Hills Covenant Management Board, a Colorado Nonprofit Corporation ("Assignee").

RECITALS

A. Certain declarations, covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions have been filed with the El Paso County Clerk and Recorder which encumber real property located within the Woodmen Hills Metropolitan District (the "Covenants"). See Exhibit A.

B. Each declarant of the Covenants has assigned its right and power to enforce the Covenants to the Woodmen Hills Metropolitan District and have executed documents pursuant to C.R.S. § 32-1-1004(8)(a)(1). See Exhibit B.

NOW THEREFORE, for and in consideration of the promises and the covenants and agreements set forth in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor and Assignee, Assignor and Assignee agree as follows:

1. The Assignor sells, transfers, conveys and assigns, and Assignee does hereby accept and assume, the Assignor's right and power to enforce the Covenants.

2. The Assignors agree to sell, transfer, convey and assign, and Assignee does hereby accept and assume, all existing files, records, documents, and data regarding the enforcement of the Covenants by the Assignors or management companies that Assignors have previously engaged for the purpose of enforcing the Covenants. To the extent the Assignor has any rights or interest in any such files, records, documents, and data, in the possession of the declarants of the Covenants or the declarants' management companies, Assignor agrees to sell, transfer, convey, and assign the same, and the Assignee does hereby accept and assume the same.

3. The Assignee agrees to handle all covenant enforcement matters including, but not limited to, hiring a management company and establishing due process for resident disputes.

4. Assignor and Assignee agree that Assignee's procedures and resolution of resident disputes will be final and no appeals to the Woodmen Hills Metropolitan District Board of Directors will be permitted.

5. Assignor and Assignee agree that Assignor will initially fund an account for Covenant enforcement in the amount of \$ 10,000⁰⁰.

ROBERT C. "BOB" BALINK El Paso County, CO

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6. Assignor and Assignee agree that Assignee will submit an annual budget and financial statements for approval to Assignor before October 15 for the following fiscal year. Assignee is required to operate within 10% of its approved annual budget. If Assignee cannot operate within 10% of its approved annual budget, Assignee will contact Assignor in writing as soon as reasonably practicable after it becomes apparent that it cannot operate within 10% of the approved budget. The decision to approve the budget and the decision whether or not to provide additional funds shall both be at the sole discretion of the Assignor.

7. Assignor and Assignee agree that Assignee will submit to the Assignor a monthly request for funds based upon estimates of its expenses from the approved budget. Such request shall be made in advance for funds anticipated to be necessary for the following month. Assignor shall advance to Assignee funds which Assignor has approved. Assignor will reimburse Assignee for its reasonable expenses incurred for Covenant enforcement, including attorneys' fees and costs and expenses regarding a management company. At its option, Assignor shall be allowed to perform bookkeeping for the Assignee (*i.e.*, recording the accounts and transactions of the Assignee's activities). In the event Assignee recovers any costs, attorneys' fees, damages, or other amount, it shall remit such amounts to Assignor.

8. Assignee shall obtain and provide insurance for the types of coverages and in the amounts as the Assignor may from time to time require.

9. Assignor and Assignee agree that Assignor has the right to audit the financial statements, invoices, budget and any other documents relating to Assignee's Covenant enforcement operations.

10. Assignor and Assignee agree that the directors and officers of Assignee will not be paid a salary or any compensation.

11. In the event Assignee is derelict in its duties to enforce the Covenants, Assignor retains the right to revoke Assignee's right to enforce the Covenants and assign the right and power to enforce the Covenants to another entity. Assignor will afford Assignee thirty (30) days written notice before revoking Assignee's right to enforce the Covenants for being derelict in its duties. Notwithstanding the foregoing, Assignor may terminate or revoke the Assignee's right to enforce the covenants, without cause, upon 180 days advance written notice.

12. Upon termination or expiration of Assignee's right to enforce the Covenants, Assignee shall provide to Assignor all files, records, documents, and data regarding Covenant enforcement. Upon termination or expiration, Assignor, subject to the limitations of Paragraph 14, shall reimburse Assignee for its reasonable and appropriate expenses incurred for Covenant enforcement through the effective date of termination or expiration. In the event a surplus exists in funds held by the Assignee after payment of all reasonable and appropriate expenses incurred for Covenant enforcement through the effective date of such termination or expiration, such funds will be returned to the Assignor within sixty (60) days of termination or expiration.

13. The Assignor does further agree to indemnify, protect and hold harmless the Assignee from any and all liability, claims, suits and costs (including attorney fees) arising from

the Assignment or arising from performance of Assignee's obligations under the Assignment. Such obligation to indemnify, protect and hold harmless shall survive any termination or expiration.

14. Assignor's obligations are expressly conditioned upon the appropriation of funds by Assignor's Board. In the event funds are not appropriated, Assignee shall be immediately informed and this Assignment shall become null and void by operation of law and Assignor shall have no further liability for compensation or damages in excess of the authorized appropriation.

15. Assignee shall comply with all applicable ordinances, laws, rules, regulations, order, and court decisions of any governmental body or official having jurisdiction.

16. THE ASSIGNEE ACCEPTS THE ASSIGNMENT UNDERSTANDING THAT SUCH ASSIGNMENT IS IN THE NATURE OF A QUITCLAIM; SPECIFICALLY SUCH ASSIGNMENT IS ONLY INTENDED TO PASS ANY TITLE, INTEREST, RIGHT, POWER, OR CLAIM WHICH ASSIGNOR MAY HAVE TO ENFORCE SUCH COVENANTS.

17. This Assignment shall be binding upon, and shall inure to the benefit of, Assignor, Woodmen Hills Metropolitan District, and its respective successors and assigns.

18. This Assignment shall be binding upon, and shall inure to the benefit of, Assignee, Woodmen Hills Covenant Management Board, a Colorado Nonprofit Corporation, and its respective successors and assigns.

19. This Agreement may be executed in any number of counterparts and by different parties to this Agreement in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same Agreement. Delivery of an executed counterpart of a signature page to this Agreement via telephone facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

20. This Agreement shall be deemed to be a contract made under the laws of the State of Colorado, and for all purposes shall be governed by, and construed in all respects (including matters of construction, validity and performance) in accordance with the laws of the State of Colorado, without regard to the conflicts of law rules of such state.

21. Nothing in this Agreement shall be deemed to waive or limit the protections afforded the Assignor under the Colorado Governmental Immunity Act, C.R.S. § 24-10-1001, *et seq.*

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be duly executed as of the date first above written.

ASSIGNOR:

WOODMEN HILLS METROPOLITAN DISTRICT

By: Jennifer M. Barber
Name: Jennifer Marie Barber
Title: President

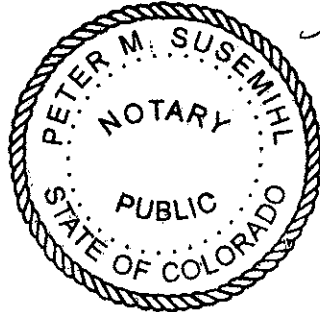
STATE OF COLORADO)
) ss
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 18th day of October, 2007, by Jennifer M Barber as President of Woodmen Hills Metropolitan District.

Witness my hand and official seal.

My commission expires: ~~September 1, 2009~~ 11/24/09

Peter M. Susemihl
Notary Public



ASSIGNEE:

WOODMEN HILLS COVENANT MANAGEMENT BOARD, A COLORADO NONPROFIT CORPORATION

By: Joseph Henry

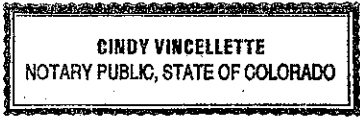
Name: JOSEPH HENRY

Title: PRESIDENT

STATE OF COLORADO)
) ss
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 19 day of October, 2007, by JOSEPH HENRY as PRESIDENT of Woodmen Hills Covenant Management Board, a Colorado Nonprofit Corporation.

Witness my hand and official seal.



My commission expires: 11/13/2008

Cindy Vincelletto

Notary Public

The foregoing instrument was acknowledged before me in the County of EL PASO, State of Colorado, this 19th day of OCTOBER, 2007.
Cindy Vincelletto
Notary Public State of Colorado

EXHIBIT A

The following declarants assigned the right to enforce following covenants to the Woodmen Hills Metropolitan District:

Falcon Properties and Investments, LLP
Melody Homes, Inc., D.B.A. D.R. Horton -- Melody Series
Elite Properties of America, Inc.
Richmond American Homes of Colorado, Inc.

Those certain declarations, covenants, conditions, restrictions, limitations, reservations, exceptions equitable servitudes and other provisions, encumbering real property within the Woodmen Hills Metropolitan District, and recorded with the El Paso County Clerk and Recorder at Reception Numbers:

- 097021447
- 097052700
- 097060508
- 097128386
- 097132785
- 097141793
- 097141794
- 097141795
- 097141796
- 097143184
- 098020100
- 099020933
- 099055967
- 099106873
- 200094043
- 202046380
- 099112310
- 200136133
- 200136134
- 203034235
- 200132338
- 201044765
- 200135161

Those certain covenants listed above cover the following lots – all of which are situated in El Paso County, Colorado:

Woodmen Hills Filing No 1, Lots: 43, 44, 63, 64, 120-136, inclusive; Lots: 140, 145, 146, 158

Woodmen Hills Filing No 2, Lots: 103-119, inclusive and Lot 159

Woodmen Hills Filing No 3, Lots: 13-19, inclusive; Lots: 23-46, inclusive

Woodmen Hills Filing No 4, Lots: 1-12, inclusive; Lots 20-22, inclusive; Lots: 47-61 inclusive; Lots: 65-102, inclusive; Lots: 102, 137-144, inclusive; Lots: 147-157, inclusive; Lots: 160-165

Woodmen Hills Filing No 5, Lots: 166-223, inclusive; Tract A; Tract B

Woodmen Hills Filing No 6, Lots: 224-350, inclusive

Woodmen Hills Filing No 9, Lots: 499-665, inclusive

Woodmen Hills Filing No 10, Lots: 1113-1176, inclusive

Woodmen Hills Filing No 6, Lots: 224-350, inclusive

Woodmen Hills Filing No 8, Lots: 298-303, inclusive; Lots 362-498, inclusive

Woodmen Hills Filing No 9, Lots: 503-544

Woodmen Hills Filing No 9, Lots: 731-814, inclusive

Woodmen Hills Filing No 9, Lots: 666-730, inclusive

Woodmen Hills Filing No 9, Lots: 819-845, inclusive; Lots: 865-874, inclusive; Lots: 976-984, inclusive

Woodmen Hills Filing No 9B, Lots: 1-4, inclusive

EXHIBIT B

The following four Contract and Assignment of Right to Enforce Covenants have been executed by the original declarants of the Covenants and the Woodmen Hills Metropolitan District and recorded in the real property records of El Paso County, Colorado at Reception Numbers:

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207145595

207145596

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