

## MEMORANDUM OF UNDERSTANDING

James Construction Co., Inc., a Colorado corporation ("the Developer"), is the developer of certain real property located in the City of Fort Collins known as Arapahoe Farm Townhomes PUD ("the PUD"). The City has approved an Erosion Control Plan dated July 25, 1994 ("the Plan"), for the PUD and, pursuant to Section 2.2 of the City's Storm Drainage Design Criteria ("the Criteria"), the City has agreed to accept a letter of credit in the amount of Six Thousand, Three Hundred, Eighty-three dollars (\$6,383) from the Developer to guarantee the proper installation and maintenance of the erosion control measures shown on the Plan and described in the Criteria. The letter of credit has been received by the City.

If, at any time, the Developer fails to abide by the provisions of the Plan or the Criteria, the City may enter upon the premises described in the PUD for the purpose of making such improvements and undertaking such activities as may be necessary to ensure that the provisions of the Plan and the Criteria are properly enforced. The City may apply such portion of the letter of credit as may be necessary to pay all costs incurred by the City in undertaking the administration, construction and/or installation of the erosion control measures required by the Plan and Criteria.

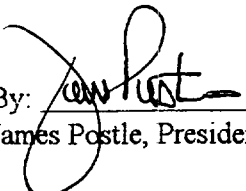
Upon acceptance by the City of the initial installation of the erosion control measures required by the Plan and the Criteria, the letter of credit shall be reduced to twenty-five (25) percent of the actual cost of such measures. The balance of the letter of credit shall be held by the City to guarantee the continued maintenance and replacement of such measures for a period not to exceed two (2) years from the date of installation of the erosion control measures. Upon the expiration of said two (2) year period, or the date of certification by the City that the required measures have been fully completed and maintained in accordance with the Plan, whichever occurs first, the balance of the letter of credit shall be released to the Developer and the right of access granted to the City under this Memorandum of Understanding shall be of no further force and effect. Until such time, the rights of the parties under this Memorandum of Understanding shall run with the PUD and be binding upon any subsequent owner thereof, as well as any assignee in interest of the Developer.


Dated this 25th day of July, 1994.

DEVELOPER:

James Construction Co., Inc., a Colorado Corporation

THE CITY OF FORT COLLINS,  
COLORADO, a municipal corporation

By:   
James Postle, President

By:   
Mike Herzog, Development  
Engineering Manager