

LAW OFFICES OF
OATES, KNEZEVICH, GARDENSWARTZ, KELLY, & MORROW P.C.
PROFESSIONAL CORPORATION
THIRD FLOOR, ASPEN PLAZA BUILDING
533 EAST HOPKINS AVENUE
ASPEN, COLORADO 81611
WWW.OKGKLAW.COM

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STEPHEN R. CONNOR

ANNE MARIE MCPHEE
SARAH M. OATES
STEPHANIE M. HOLDER

June 27, 2014

David H. McConaughy, Esq.
Garfield & Hecht, P.C.
420 Seventh Street, Suite 100
Glenwood Springs, Colorado 81601

Via Email dmcconaughey@garfieldhecht.com

RE: Warrior Acquisitions, LLC Warranty Work

David:

Warrior Acquisitions, LLC is in the process of finalizing a contract with David Rippy Construction, Inc. to complete the warranty repair work for a contract price of \$235,300.19. The contract will require the contractor to comply with the applicable provisions of the Town's Public Works Manual in performing the warranty work. Construction is anticipated to begin after the July 4th weekend and upon the issuance of the appropriate permits by the Town. The warranty work is anticipated to be completed not later than August 30th.

To partially collateralize the warranty repair work as required by the Amended Development Agreement, Warrior has arranged for the issuance of an additional letter of credit from Alpine Bank in the amount of \$150,000.00. With the initial letter of credit previously issued by Alpine Bank in the amount of \$100,000.00, the Town will have liquid collateral of \$250,000.00. The liquid collateral is in excess of the warranty work contract price to provide for Town inspection expenses. Should unforeseen conditions be discovered during the performance of the warranty work that require a change order to the contract that increases the contract price, Warrior will pay the change order cost to the contractor and will not request a reduction in the amount of the letters of credit for the change order cost. In this manner the Town will maintain liquid collateral to complete the warranty work in the unlikely event that Warrior does not. Warrior will request the Town to provide reductions to the letters of credit under all other circumstances upon the approval of a partial release in accordance with Section 16-32.020 of the New Castle Municipal Code.

The remainder of the collateralization of the warranty repair work will be in the form of a first mortgage on the following described real property:

OATES, KNEZEVICH, GARDENSWARTZ, KELLY & MORROW, P.C.

David H. McConaughy, Esq.

June 27, 2014

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Remainder Parcel C3, Lakota Canyon Ranch, Filing 6A, According to the Plat thereof recorded February 4, 2008 as Reception No. 742260.

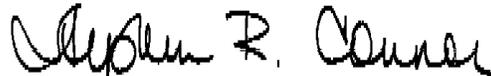
Attached is the proposed form of the Mortgage and an Ownership and Encumbrance Report showing Warrior as the owner of the property free and clear of all monetary liens and encumbrances.

Walter Bolen and Bob Gibson will be in attendance at the July 1st Town Council meeting to answer any questions that the members of the Town Council may have. Warrior is pleased to be able to commence the process of correcting the inherited public improvement deficiencies that were unresolved by Lakota Canyon Ranch Development, LLC. Warrior anticipates the timely completion of the warranty work repairs in compliance with the applicable provisions of the Town Public Works Manual.

Thank you for your assistance and cooperation. Please contact me if you have any questions.

Very Truly Yours,

OATES, KNEZEVICH, GARDENSWARTZ, KELLY & MORROW, P.C.



By: _____
Stephen R. Connor

SRC/sc

Enclosures (2)

cc: Tom Baker, Town Administrator, via email
Brendan Flaherty, Warrior Acquisitions, LLC, via email
Walter Bolen, Warrior Acquisitions, LLC, via email
Bob Gibson, Roberts & Michaels, via email

MORTGAGE

1 THIS MORTGAGE is made this July ____, 2014, Warrior Acquisitions, LLC, a California
2 limited liability company, whose address is 15 Mason, Irvine, California 92618, hereinafter referred
3 to as "Grantor," and the Town of New Castle, Post Office Box 90, New Castle, Colorado
4 81647, hereinafter referred to as the "Town."

WITNESSETH:

5
6 This Mortgage is given as partial security in the maximum amount of \$500,000.00,
7 for the performance of the terms and conditions of the Warranty Work for Prior Filings as
8 specified in Paragraph 13 the 2013 Amendment to Development Agreements for Lakota
9 Canyon Ranch PUD dated March 19, 2013 was entered into by and between Warrior the
10 Town, hereinafter referred to as the "Amended Development Agreement."

11 Grantor does hereby grant, convey and mortgage unto the Town the real property
12 situate in the County of Garfield, State of Colorado, to wit:

13 Remainder Parcel C3, Lakota Canyon Ranch, Filing 6A, According to the
14 Plat thereof recorded February 4, 2008 as Reception No. 742260;

15 hereinafter referred to as the "Real Property."

16 This Mortgage shall be subject to all of the terms, conditions and provisions of any
17 amendments, revisions, and modifications to the Amended Development Agreement.

18 TO HAVE AND TO HOLD the same in trust, together with all the improvements now
19 or hereafter erected on the Real Property, and all easements, rights of way, adjacent
20 vacated streets, roadways or alleys, appurtenances, rents, royalties, minerals, oil and gas
21 rights and profits, water, water rights and water stock, and all fixtures now or hereafter
22 attached to the Real Property, all of which, including replacements and additions thereto,
23 shall be deemed to be and remain a part of the Real Property covered by this Mortgage,
24 and all warranties, both written and implied, given in connection therewith; all of the fore-
25 going, together with the Real Property, to be herein referred to as the "Property".

26 GRANTOR HEREBY COVENANTS WITH THE TOWN AND AGREES, REPRE-
27 SENTS AND WARRANTS AS FOLLOW:

28 1. Foreclosure. In case of default of the Amended Development Agreement or
29 any part thereof or interest thereon, or in the performance of any covenants hereinafter set
30 forth, then the Town shall be entitled to foreclose this Mortgage and have the Property sold
31 by the Sheriff of Garfield County in the manner provided by law in effect at the time of such
32 default, at public auction for cash, at any proper place designated in the notice of sale. Out
33 of the proceeds of said sale, the Sheriff shall retain and pay first all fees, charges and costs
34 incurred or charged by said Sheriff as well as all fees, charges, expenses and costs
35 incurred or advanced by the Town for taxes, insurance, assessments, repair, maintenance,
36 holding, marketing and selling the Property, management and general upkeep of the

MORTGAGE

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37 Property, advances on any prior encumbrances or liens of any nature whatsoever, together
38 with all attorney fees, accounting or bookkeeping fees, appraisal fees and other fees and
39 charges incurred in connection with the enforcement of the Town's rights under this
40 Mortgage, the Promissory Note and any other rights of the Town in connection with said
41 obligations, whether advanced or incurred before or after acceleration or before or after the
42 sale by the Sheriff hereunder (all of which are hereinafter referred to collectively as
43 "Mandatory Expenses"). Interest shall accrue on all of the Mandatory Expenses from the
44 date advanced or incurred and shall run at the legal rate of interest. Out of the proceeds
45 of said sale, the Sheriff shall pay all of the Mandatory Expenses, together with said interest,
46 and together with the principal and interest due on the Promissory Note, rendering the
47 overplus (if any) unto Grantor or as provided by law; and after the expiration of the time of
48 redemption, said Sheriff shall execute and deliver to the purchaser a deed to the property
49 sold. The Town may purchase the Property or any part thereof at such sale.

50 2. Title. At the time of delivery of these presents, Grantor is seized of the
51 Property in fee simple, and the Property is free of all liens and encumbrances except the
52 lien of taxes for 2014 payable in 2015.

53 3. Release of Homestead. Grantor does hereby release and waive all claims
54 in the Property as a homestead exemption or other exemption now or hereafter provided
55 by law, federal, state or otherwise.

56 4. Due on Sale. If all or any part of the Property or any interest therein is sold
57 or transferred without the Town's prior written consent, the Town may, at the Town's
58 option, declare all the sums secured by this Mortgage to be immediately due and payable.

59 5. Receiver. Upon failure of Grantor to deliver possession of the Property to the
60 Town, upon demand and at the option of the Town, the Town shall be entitled to a receiver
61 for the Property who may be appointed by any court of competent jurisdiction upon ex
62 parte application and without notice, notice hereby being expressly waived by Grantor. In
63 such event all of the fees, costs, and expenses of such receivership, including those
64 incurred by the Town in obtaining such a receivership as well as those incurred in
65 connection with the maintenance and conclusion of such receivership shall be deemed to
66 be Mandatory Expenses and shall become additional indebtedness due to the Town and
67 secured hereunder with interest thereon as provided for Mandatory Expenses. These fees,
68 costs, and expenses, by way of inclusion but without limitation, shall specifically include
69 any and all advances made by the Town to the receiver necessary or advisable for receiver
70 to perform all functions as a receiver with respect to the Property.

71 6. Maintenance. Grantor shall keep the Property in good repair and shall not
72 permit or commit waste, impairment or deterioration of the Property and shall comply with
73 the provisions of all applicable laws, ordinances, statutes, and regulations.

MORTGAGE

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74 7. Condemnation. The proceeds of any award or claim for damages, direct or
75 consequential, in connection with any condemnation or other taking of the Property, or part
76 thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid
77 to the Town. In the event of a total or partial taking of the Property, all of the proceeds shall
78 be applied to the sums secured by this Mortgage, with the excess, if any, paid to Grantor.
79 If, after notice by the Town to Grantor that the condemnor offers to make an award or settle
80 a claim for damages, Grantor fails to respond to the Town within twenty (20) days of the
81 date of such notice, the Town is authorized to collect and apply the proceeds at the Town's
82 option either to restoration or repair of the Property or to the sums secured by this
83 Mortgage. Unless the Town and Grantor otherwise agree in writing, in any partial taking,
84 any application of proceeds to principal shall not extend or postpone the due dates or
85 change the amounts due under the Promissory Note. A total taking, however, will cause
86 all amounts to become due and payable at once.

87 8. Hazardous Waste. Grantor hereby assumes liability for, and hereby agrees
88 to pay, protect, defend and save Lender harmless from and against, and hereby indemnifies
89 Lender from and against, any and all liabilities, obligations, losses, damages, costs and
90 expenses (including, without limitation, attorney fees and consequential damages), causes
91 of action, suits, claims, demands and judgments of any nature or description whatsoever
92 which may at any time be imposed upon, incurred by or asserted or awarded against
93 Lender as a result of the presence of any contaminants or other materials deemed
94 environmentally hazardous, toxic or harmful by any local, state or federal environmental
95 protection or other agency, including, without limitation, asbestos, polychlorinated biphenyls
96 or petroleum products, on, in, under or affecting the Property, and/or the failure of the
97 Property to comply with any local, state or federal law, rule or regulation pertaining to
98 environmental regulation, contamination or clean-up, including, without limitation,
99 "CERCLA", "RCRA" and state super-lien and environmental clean-up statutes. This
100 indemnity shall survive both the funding and satisfaction of the obligation secured by this
101 Mortgage.

102 9. Release After Completion of Warranty Work. When a final release, of this
103 Mortgage is approved by the Town as contemplated by Section 16-32.020 of the New
104 Castle Municipal Code, the Town shall release the Mortgage in a timely fashion. Grantor
105 shall pay all costs of recordation.

106 10. Mechanic's Liens/Data. Grantor hereby specifically represents and warrants
107 to the Town that:

108 a. There are no outstanding matters or obligations which could ripen into
109 mechanic's liens or other encumbrances against the Property for which
110 priority could be asserted over the lien of this Mortgage; and

111 b. All information, reports, papers and data given to the Town with respect to

MORTGAGE

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112 Grantor or the Property are accurate, complete and correct in all material
113 respects and do not omit any fact the inclusion of which is necessary to
114 prevent the facts contained therein from being materially misleading.

115 IN WITNESS WHEREOF, Grantor has caused its Member Manager to sign this
116 Mortgage.

Warrior Acquisitions, LLC, a California limited liability
company

By: _____
Brendan M. Flaherty, Member Manager

117 ACKNOWLEDGMENT

118 STATE OF CALIFORNIA
119 COUNTY OF SS.

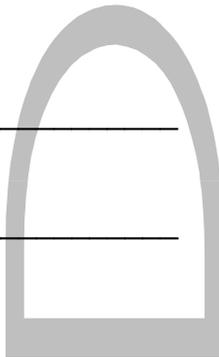
120 On July ____, 2014 before me, _____, Notary Public,
121 personally appeared Brendan M. Flaherty, who proved to me on the basis of satisfactory
122 evidence to be the person whose name is subscribed to the within instrument and
123 acknowledged to me that he executed the same in his authorized capacity, and that by his
124 signature on the instrument, the entity upon behalf of which the person acted, executed the
125 instrument.

126 I certify under PENALTY OF PERJURY under the laws of the State of California that the
127 foregoing paragraph is true and correct.

128 WITNESS my hand and official seal.

129 Signature: _____

130 My commission expires: _____





ONE REPORT

To: ROBERTS & MICHAELS

Date Ordered: 06-24-2014

Attn: BOB GIBSON

Order Number 529781

Fax:

Phone: 970-270-5009

Address: TBD LAKOTA NEW CASTLE, CO 81647

County: GARFIELD

LEGAL DESCRIPTION

REMAINING C3, LAKOTA CANYON RANCH, FLG 6A, COUNTY OF GARFIELD, STATE OF COLORADO.

OWNERSHIP & ENCUMBRANCES

Certification Date: 05-30-2014

OWNERSHIP: WARRIOR ACQUISITIONS LLC

<u>Doc Type</u>	<u>Doc Fee</u>	<u>Date</u>	<u>Reference#</u>
PUBLIC TRUSTEES DEED	NA	07-13-2012	821374

ENCUMBRANCES AND OTHER DOCUMENTS

<u>Item</u>	<u>Payable To</u>	<u>Amount</u>	<u>Date</u>	<u>Reference#</u>
MAP			02-04-08	742260

Cust Ref#

By: ANDREW O'CONNELL
 Land Title
 Property Resource Specialist
 Email: aoconnell@ltgc.com
 Phone: 303-850-4103
 Fax: 303-393-4978

This ONE REPORT is based on a limited search of the county real property records and is intended for informational purposes only. The ONE REPORT does not constitute any form of warranty or guarantee of title or title insurance, and should not be used by the recipient of the ONE REPORT as the basis for making any legal, investment or business decisions. The recipient of the ONE REPORT should consult legal, tax and other advisors before making any such decisions. The liability of Land Title Guarantee Company is strictly limited to (1) the recipient of the ONE REPORT, and no other person, and (2) the amount paid for the ONE REPORT.



Prepared For:
ROBERTS & MICHAELS
BOB GIBSON

Reference: TBD LAKOTA NEW CASTLE, CO 81647

Attached are the additional documents you requested:

Doc Type

Recorded

Reception#/BookPage

ANDREW O'CONNELL
Land Title
Property Resource Specialist
Email: aconnell@ltgc.com
Phone: 303-850-4103
Fax: 303-393-4978

ADD.DOCS 529781