

LEASE

THIS LEASE made and entered as of July 1, 2002, between The Greenlands Reserve, Inc. ("Landlord") and Santa Fe Trail Ranch Property Owners Association, ("Tenant").

BACKGROUND

Landlord is the owner of Property situated in Las Animas County within the development known as the Santa Fe Trail Ranch. The Property consists of a portion of Gallinas Canyon, as legally described as Lots J6, J7, J8, J9, and J10, Santa Fe Trail Ranch (the "Property"). Tenant would like to lease the Property in order to make it available to members of Santa Fe Ranch Property Owners Association and residents of Santa Fe Trail Ranch. Landlord is willing to lease the Property to Tenant on the terms outlined in this Agreement. Therefore, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

AGREEMENT

1. **Term.**

This lease shall commence as of July 1, 2002 and shall continue through June 30, 2042. Should the Tenant hold over after the expiration of this lease with the consent of Landlord, then the lease shall continue on the same terms and conditions but shall be on a year-to-year basis while a long term extension is being determined. During such year-to-year term of the lease, either party may terminate the lease by giving the other party 30 days prior written notice. When the term has expired, Tenant shall surrender and deliver up the property at the expiration of the Lease in as good order and conditions as when the same was entered upon by Tenant, ordinary wear and tear excepted.

2. **Rent.**

a. Tenant covenants and agrees to pay an annual rental of \$500.00 payable in advance on or before July 1st of each year during the term of this Lease which amount shall be adjusted as provided below in subsection 2(b).

b. After the fifth anniversary of this lease, the rent for each year shall be adjusted annually immediately prior to July 1st of each year during the term of the Lease. The adjustment shall be upwards by an amount equal to the percentage increase in the US Department of Labor Cost of Living Index, All Urban Consumers for the preceding calendar year, based on the then most currently available CPI information.

c. Landlord has agreed to the construction and maintenance of a fire substation/community building for use by the Fisher's Peak Fire Protection District serving the Santa Fe Trail Ranch and adjacent areas and by the SFTR Property Owners Association. This permission is subject to approval by Landlord of the final plotting and plans for the structure/facility. It is intended that said facility will not occupy space in excess of 2 acres.

Should Tenant exercise its option to construct a fire station, the rent for the fire station parcel shall be \$200.00 per year which shall be paid at the same time the rent for the balance of the Property is paid. The \$200.00 rent, if applicable, shall be in addition to the amount of rent payable under paragraph 2(a) above. The \$200.00 per year rent for the fire station shall be adjusted in the same manner as the rent for the balance of the Property. Should the Lease be terminated prior to its expiration, Landlord will allow Fishers Peak Fire Protection District to continue to occupy and use the fire substation/community building. This provision shall be upheld by any successor or assigns of the Landlord.

3. Use.

Landlord and Tenant recognize that the Property is to be used to provide land and water for wildlife habitat, for cattle grazing in Gallinas Canyon during summer and fall, and to provide open space and recreational areas for Santa Fe Trail Ranch property owners to observe wildlife and to fish, hike, and enjoy the Property. The restrictions on the use of the Property described below are intended to balance these multiple, and to some extent, competing uses.

a. As a general matter, Tenant shall not be permitted to construct any fences, as the property is to provide wildlife habitat. Landlord and Tenant recognize that some fencing currently exists, fencing by the cattle guard at approximately two-thirds of the way up the Canyon (on Lot J8). Should Tenant desire to install additional fencing in order to properly manage wildlife, cattle or recreation, Tenant shall be required to consult with Landlord and obtain Landlord's written consent.

b. Hunting shall not be permitted on the Property except as may be approved by the Landlord after a consultation with the Colorado Division of Wildlife to properly manage wildlife on the Property. Tenant shall also take reasonable steps to prohibit recreational target practice or shooting within or onto the Property.

c. Motor vehicles (including ATVs, motorcycles and snowmobiles) shall not be permitted on the Property. Access across the conservancy land will not necessarily be prohibited, but must be approved by the Landlord and Tenant in compliance with the Conservation Easement (attached), with the exception of a condition of emergency.

d. Tenant shall actively manage noxious weeds that exist on the Property. Tenant shall address noxious weeds to comply with requirements imposed by Las Animas County. Although truck mounted spraying equipment is permissible along roadsides, no heavy vehicles will be permitted off-road in order to avoid compacting soil. Spraying of weeds in the interior areas of the property must be done through either a backpack or with large tire, all-terrain vehicles hauling a small trailer with sprayer. This permissible use of motorized vehicles on the Property is a permitted exception to the general prohibition on motorized vehicles within the Property.

e. Mining of any kind shall be prohibited whether it be excavation for minerals or gas or removal of surface materials on the Property. However, Tenant may dredge the upper and lower pond to improve the fish habitat.

f. Tenant shall not remove any timber or vegetative material, except as reasonably necessary for prevention of personal injury (i.e. dead or diseased trees in picnic area). Should Tenant believe it necessary to remove timber in order to prevent wildfires or manage diseased timber, Tenant shall first consult with Landlord and obtain Landlord's written permission to implement a written timber management plan.

g. Tenant shall not construct any trails within or through the Property without first consulting with and obtaining written consent of Landlord.

h. Landlord acknowledges that Tenant may subject all or portions of the Property to a cattle grazing lease. Landlord consents to such use, however, Tenant shall be required to closely monitor the number of cattle grazing in the Property in order to prevent over grazing and negative impact on wildlife. Should Tenant (or Landlord) determine that cattle are having a negative impact on the Property, Tenant shall require its rancher to limit the number of cattle grazing portions of the property until the negative impact has been corrected. Any change or modification in number of animal units allowed for grazing must be done with the concurrence of the Landlord.

i. Tenant may erect and install signage along the Property boundaries in order to notify Santa Fe Trail Ranch residents and other owners that the Property is controlled by Tenant as well as other signage reasonably necessary for Tenant to properly manage the Property.

j. Tenant agrees to substantially comply with the terms of the Conservancy Easement as filed with the Las Animas County Clerk. Tenant shall not use the property for any purposes now or hereafter prohibited by the laws of the United States, the State of Colorado or applicable ordinances.

4. Insurance.

a. A Certificate of Insurance will be presented as a condition of signing of the Lease Agreement. Tenant, at its sole expense, at all times during the said term and any extension thereof, shall obtain and maintain in full force and effect, a policy or policies of public liability insurance on the property in a minimum amount of \$1,000,000.00 single limit liability per accident and in the amount of \$500,000.00 for damage or injury to personal property. Any such policy or policies shall name Landlord and Tenant as joint insureds and shall insure insureds, as their interests may appear and each of them, against all claims or demands of any person or persons resulting from, arising out of, or in any way connected with the construction, maintenance, use or occupancy, of the property and the improvements thereon. Said policy or policies or a certificate evidencing the issuance thereof, and a receipted statement showing the payments of the premiums shall be delivered to Landlord upon demand.

b. Tenant covenants and agrees that it will not do or permit anything to be done, in, to or upon the property, which will invalidate any insurance required under this lease.

c. The policies of insurance described in this section shall be in a form reasonably satisfactory to Landlord and shall not be canceled without at least 30 day advance notice to Landlord.

5. **Taxes.**

Landlord is a Colorado non-profit corporation and will make a reasonable attempt to obtain a reduction or exemption from taxes levied upon the Property. If the Landlord is not successful in obtaining a tax exemption or reduction, the tenant shall pay all taxes levied upon the Property. If any such taxes are not paid by Tenant when due, Landlord may pay the same, regardless of the validity of such levy, and Tenant, upon demand, shall pay to Landlord the taxes so paid by Landlord. Any nonpayment by Tenant shall be deemed a material breach hereunder.

6. **Improvements and/or Alterations.**

a. Tenant will not make any improvements or alterations to the Property or construct any structures without the prior written consent of Landlord. All costs of such work shall be paid promptly by Tenant so as to prevent the assertion of any liens for labor or materials. Prior to the commencement of any improvement and/or alteration on the property, Tenant shall post a sign to the contractors and general public stating that Landlord is not responsible for the costs of said improvements and/or alterations.

b. All alterations, additions, erections or improvements on or in the property at the expiration of this Lease, except trade fixtures, shall, at the option of the Landlord, remain upon and be surrendered with the property as a part thereof at the termination of this Lease. Should Tenant fail to remove any furniture or fixtures or personal property of any kind, then same shall be considered as abandoned and become the property of Landlord. In the event Landlord may desire Tenant to remove additions or alterations, Tenant, at his expense, shall upon expiration of this Lease, restore the premises to the same in as good order and condition as when the same were entered upon the Tenant, ordinary wear and tear excepted; and in default thereof, Landlord may effect such removals and repairs, and Tenant shall pay Landlord the cost thereof, with interest at the rate of twelve percent (12%) per annum from the date Landlord incurred such costs for removal.

c. Tenant agrees that it will promptly pay for any work done in or about the property, and will not permit or suffer any mechanic's liens to attach to the property, and shall promptly cause any claim for such lien to be released, or to secure Landlord to its satisfaction in the event Tenant desires to contest any such claim.

7. **Hold Harmless.**

Tenant covenants and agrees at all times to indemnify and save Landlord, guests and invitees and the Property free, clear and harmless of and from each and every claim, demand, lien, loss and liability of whatsoever kind or character to include all costs and expenses including attorney's fees, connected with the use of the Property, at any time made, asserted, or claimed by or on behalf of any person or persons against Landlord or against said Property on account of

any matter of thing, except title or ownership claims or disputes, including injury to or death of any person or persons or damage to property occurring from any cause on or about the Property and any improvements thereon.

8. Additional Covenants.

a. No assent, expressed or implied, to any breach of any one or more of the covenants or agreements hereof shall be deemed to be taken to be a waiver of any succeeding or other breach. The various rights, remedies, powers, options and elections of Landlord reserved, expressed or contained in this Lease are cumulative, and no one of them shall be deemed to be exclusive of the others or of such rights, remedies, powers, options or elections as are now or may hereinafter be conferred upon Landlord by law.

b. All the terms, conditions and covenants to be observed and performed by the parties hereto shall be applicable and binding upon their heirs, executors, administrators, successors, and assigns.

c. In the event Landlord finds it necessary to retain an attorney in connection with the default by Tenant in any of the agreements or covenants contained in this Lease, Tenant shall pay reasonable attorney's fees to the Landlord.

d. In the event of any sale or transfer of the Property by the Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, sale or any subsequent sale of the property. Any such purchaser shall be deemed to have assumed and agreed to carry out any and all of the covenants and obligations of Landlord under this Lease.

e. Tenant shall not assign without Landlord's prior written consent, this Lease, whether by assignment, subletting, or otherwise, to any other entity without Landlord's prior written consent which may be withheld under the Landlord's sole discretion. Any purported assignment which the Landlord has not consented to shall be void.

f. Use of the Property shall be pursuant and subject to the terms of the Lease and to any and all Conservation Easements on the Property which are recorded with the Las Animas County Clerk & Recorder as of the signing of this Lease Agreement.

g. All Tenant actions requiring Landlord approval must have the Landlord's written approval prior to the commencement of any such actions.

9. Default.

If default shall be made in any of the covenants or agreements herein contained to be kept by Tenant, except for the payment of rent, and if Tenant shall not commence to cure and correct said default and to diligently pursue the work thereafter required to correct such default after ten (10) days' notice in writing from Landlord, or if Tenant is at any time in default in the payment of rent, it shall be lawful for Landlord, at its election, to declare said term ended and enter the

Property, either with or without process of law, to put out Tenant or any person or persons occupying the same, using such force as may be necessary in so doing, and to repossess and enjoy the Property. If, at any time said term shall be ended as aforesaid, or in any other way, said Tenant shall be liable for the balance of the rent herein reserved until the expiration of the term of this Lease, and Tenant hereby covenants and agrees to surrender and deliver up the Property peaceably to Landlord, immediately upon the termination of said term; and if Tenant shall remain in possession of the same after the termination thereof, said Tenant shall be deemed guilty of a forcible detainer of the Property under the statute, hereby waiving all notice, and shall be subject to eviction and removal, forcibly or otherwise, with or without process of law, as above stated.

10. **Condemnation**

a. If during the term of this Lease all of the Property is taken by condemnation under the exercise of the power of eminent domain or by an agreement reached under threat of condemnation (all of which are referred to in this paragraph as a "taking") this Lease shall cease and terminate as of the date title to such portion of the Property vests in the condemning authority. If only part of the Property shall be taken, and such partial taking shall render that portion not so taken unsuitable for the business of the Tenant, then this Lease shall terminate. Termination, however, as provided in this paragraph shall be without prejudice to rights of either Landlord or Tenant to recover compensation and damages caused by condemnation from the condemning authority.

b. If such partial taking is not extensive enough to render the Property unsuitable for the business of the Tenant, then this Lease shall continue and the Landlord shall make all necessary repairs or alterations to the building with the Tenant making such necessary repairs and alterations to the interior of the building, utilizing the Landlord's and Tenant's respective condemnation awards for such repair and reconstruction.

c. Landlord and Tenant shall each have the right to claim separate awards consistent with the terms of this Lease or to litigate the matter of the taking and the damages or awards. In the event of a taking or a partial taking under the terms of this Lease, all sums awarded as compensation for the loss of land or damages to land including the improvements (which shall include, without limitation, building, paving, utilities, curbs, and gutters) fixtures and permanently attached equipment shall be awarded to the Landlord, and all sums awarded as compensation for loss or damage to the other improvements, equipment, and personal property, as compensation for loss or detriment to the Tenant's business and as compensation for loss or damages of the Tenant's leasehold estate, shall be awarded to the Tenant.

11. **Notices.**

All notices required to be given herein by either party shall be in writing and sent by certified mail, return receipt requested, addressed to Landlord at The Greenlands Reserve, Attn: Howard E. Hallman, Jr., c/o E-Quest, 26 South Tejon, Suite 208, Colorado Springs, Colorado

80903 and to the Tenant at Santa Fe Trail Ranch Property Owners Association, P.O. Box 870, Trinidad, Colorado 81082.

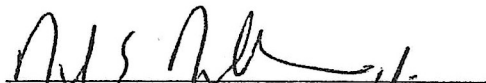
IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

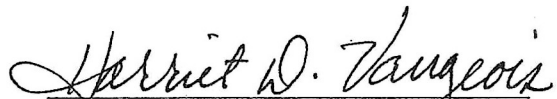
LANDLORD:

TENANT:

The Greenlands Reserve

Santa Fe Trail Ranch Property Owners Association


Howard E. Hallman, Jr., President

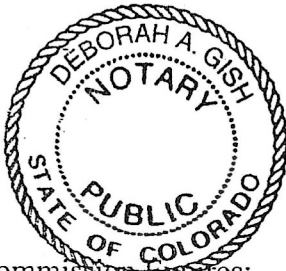

Harriet D. Vaugeois, President

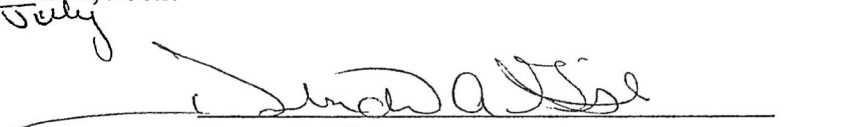
The provisions of this lease are personally guaranteed by _____ unconditionally and without limitation.

Dated: July 2 2002

STATE OF COLORADO)
) ss:
COUNTY OF Summit)

Subscribed and sworn to before me by Howard Hallman, President of The Greenlands Reserve, Inc., this 2 day of ~~March~~ July, 2002.




Notary Public
Address: 842 Summit Blvd Unit 21
Frisco CO 80443

My Commission Expires:

3-4-06