

**LOVELAND MIDTOWN METROPOLITAN DISTRICT
REVENUE AND LIMITED TAX OBLIGATION
SUBORDINATE PROMISSORY NOTE**

PRINCIPAL AMOUNT: One Hundred Thirty-Eight Thousand Two Hundred Forty-One Dollars and Eight Cents (\$138,241.08)

INTEREST RATE: Eight Percent (8%), Simple Interest

DATED: As of January 1, 2008

REGISTERED OWNER: Loveland Midtown Development, Inc. (the "Developer")

MATURITY DATE: December 31, 2008

Loveland Midtown Metropolitan District (the "District"), a body corporate, politic and a political subdivision organized under the laws of the State of Colorado, for the value received, hereby promises to pay, but solely and only from, and contingent upon receipt of, the sources hereinafter described, the principal sum stated above (or such lesser amount as may be shown as advanced hereunder as set forth in Schedule "A" attached hereto) together with interest at the rate stated above, which interest shall accrue on said principal sum from and after the date hereof to the maturity date hereof, in lawful money of the United States of America to the registered owner named above, on the maturity date stated above unless this Note shall be prepaid in full, in which case on such payment date.

In any case where the date of maturity for payment of interest on or principal of this Note or the date fixed for prepayment hereof shall be a Saturday or Sunday, a legal holiday or a day on which banking institutions in the city of payment are authorized by law to close, then payment of interest or principal or prepayment price shall be made on the immediately following business day with the same force and effect as if made on the date of maturity or the date fixed for prepayment. Prior to the Maturity Date, and at such time as the District has available funds, this Note may be prepaid in whole without redemption premium or other penalty, but with interest accrued on the principal amount prepaid, up to and including the date of prepayment. Any and all prepayments shall first be applied to accrued, unpaid interest, then to the principal. This Note shall be paid in full from the sources hereinafter described prior to the payment of any other obligation of the District which may have a claim on any revenues thereof that would otherwise be available for the payment of this Note, other than current operation and maintenance expenses of the District and current debt service on any outstanding bonds of the District.

This Note is executed at the request of the Developer, pursuant to and secured by that certain Funding and Reimbursement Agreement between the District and the Developer, dated February 1, 2006, the terms of which are hereby incorporated by reference, and has been executed and delivered to pay for certain indebtedness incurred on its behalf as set forth therein. Pursuant to said Funding and Reimbursement Agreement, the District is obligated to repay both the principal amount of this Note and any and all interest accrued thereon, in the manner specified therein, contingent upon receipt of funds from certain revenue sources including, but not limited to, revenues resulting from the imposition of an ad valorem tax levy not in excess of 40 mills and any other legally available revenues. Failure by the District to repay the Developer as a result of insufficient funds shall not constitute a default hereunder, nor subject the District to any claims

and/or causes of action by the Developer, including mechanic's liens, arising out of the District's nonperformance of its payment obligation.

The obligation of the District to levy ad valorem taxes to provide for the payment of this Note is subject to restrictions provided in the District's Service Plan, electoral authority of the District, the provisions of any bond resolution, indenture or other document related to the District's issuance of bonds to fund capital improvements now or hereafter, and any applicable laws. **In no event shall a mill levy of the District be levied in excess of 40 mills for the repayment of this Note.**

If the District lacks sufficient funds to pay this Note in full upon the Maturity Date, the District shall issue a new Note to the Developer to refund this Note, which new Note shall be in an amount equal to the outstanding principal of this Note, plus accrued interest, to be refunded and shall have a new Maturity Date of December 31, 2009. Similarly, until such time as the District is able to pay in full the amount of any Note then outstanding, the District shall issue a new Note to refund any existing Note which, at the date of its maturity, remains unpaid. Each new Note issued by the District shall reflect all outstanding principal and accrued interest on the Note being refunded to date.

The District and the Developer agree that any accrued interest and any payments made by the District on the Note shall be evidenced on Schedule "A" hereto.

Neither the Board of Directors of the District, nor any person executing this Note, shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Colorado. All issues arising hereunder shall be governed by the laws of Colorado.

This Note is issued pursuant to the Supplemental Public Securities Act, Section 11-57-201, et seq, C.R.S., as amended.

THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT AND SHALL BE PAYABLE SOLELY FROM CERTAIN REVENUES SPECIFIED IN THE FUNDING AND REIMBURSEMENT AGREEMENT. THIS NOTE SHALL NOT CONSTITUTE A DEBT OR OBLIGATION OF THE STATE OF COLORADO OR LARIMER COUNTY, COLORADO. THE DEVELOPER SHALL HAVE NO RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF COLORADO OR LARIMER COUNTY TO PAY THIS NOTE OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SAME AGAINST THE PROPERTY OF THE STATE OF COLORADO OR LARIMER COUNTY, NOR SHALL THIS NOTE CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE STATE OF COLORADO OR LARIMER COUNTY.

BY ITS ACCEPTANCE HEREOF, THE DEVELOPER ACKNOWLEDGES THAT THE DISTRICT AND ITS OFFICERS, ATTORNEYS, EMPLOYEES OR AGENTS NEITHER MAKE, NOR HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE PROPER TREATMENT FOR FEDERAL, STATE AND/OR LOCAL INCOME TAX PURPOSES OF THE INTEREST PAYABLE HEREUNDER.

The District waives demand, presentment, and notice of dishonor and protest with respect to any payment due hereunder. No waiver of any payment or other right under this Note shall operate as a waiver of any other payment or right, including right of offset. If the Developer enforces this Note upon default, the District shall pay or reimburse the Developer for reasonable expenses incurred in the collection hereof or in the realization of any security hereof, including reasonable attorney's fees.

Notwithstanding any provision herein, or in any instrument now or hereafter securing the obligation of the District specified herein, the total liability for payments in the nature of interest shall not exceed the limit now imposed by the usury laws of the State of Colorado. By signing in the space provided below, the District hereby acknowledges and agrees that this Note shall be irrevocable for all purposes and shall be binding upon the District and its respective permitted successors as provided herein. This Note may not be terminated orally, but only by payments in full or by a written discharge signed by the owner and holder of this Note.

This Note shall not be offered, sold, transferred, negotiable, or otherwise payable to any party other than the Developer.

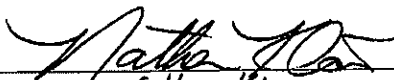
If, for any reason, this Note is determined to be invalid or unenforceable (except in the case of fraud by the Developer in connection therewith), the District shall issue a new promissory note to the Developer that is legally enforceable. Said new promissory note shall evidence the District's obligation to repay all amounts due hereunder.

It is hereby certified, recited and declared that all conditions, acts and things required to exist or occur by the Constitution or statutes of the State of Colorado, currently exist and either occurred prior to, or in connection with, the issuance of this Note.

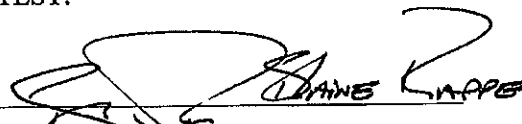
IN WITNESS WHEREOF, the District has caused this Note to be executed in its name and on its behalf by its President, an imprint of its seal affixed hereon and by attestation via the signature of its Secretary.

**LOVELAND MIDTOWN
METROPOLITAN DISTRICT**

(SEAL)


By: Nathan Klein
Its: Vice President

ATTEST:


By: Christine Knape
Its: Secretary of the Board

SCHEDULE A

ACCRUED INTEREST AND PAYMENTS BY MAKER

<u>Date</u>	<u>Outstanding Principal Date</u>	<u>Unpaid Accrued Interest</u>	<u>Less: Amount Paid</u>	<u>Balance Due At Maturity</u>	<u>Signature of Authorized Representative</u>
4/20/05	6,747.11			6,747.11	<i>Rowswell</i>
5/17/05	14,240.56	39.93	(1,000.00)	20,027.60	<i>Rowswell</i>
6/21/05	5,186.97	153.33		25,367.90	<i>Rowswell</i>
8/2/05	8,226.38	231.74		33,826.02	<i>Rowswell</i>
10/31/05	10,740.39	658.87		45,225.28	<i>Rowswell</i>
12/22/05	9,374.24	503.09		55,102.61	<i>Rowswell</i>
12/31/05		105.57		55,208.18	<i>Rowswell</i>
2/3/06	1,928.72	398.50		57,535.70	<i>Rowswell</i>
3/9/06	6,405.35	413.17		64,354.22	<i>Rowswell</i>
4/3/06	4,221.62	338.90		68,914.74	<i>Peggy Rowswell</i>
4/17/06	1,389.72	202.74		70,507.20	<i>Rowswell</i>
5/17/06	2,656.15	443.58		73,606.93	<i>Rowswell</i>
6/16/06	3,221.34	461.04		77,289.31	<i>Rowswell</i>
7/21/06	10,616.35	562.60		88,468.26	<i>Rowswell</i>
8/30/06	6,567.16	736.04		95,771.46	<i>Rowswell</i>

