

**LOT EXCHANGE AGREEMENT
LINCOLN HIGHLANDS III LIMITED
THE HIGHLANDS AT BRECKENRIDGE**

THIS LOT EXCHANGE AGREEMENT (this "Exchange Agreement") is between LINCOLN HIGHLANDS III LIMITED, a Colorado limited partnership ("Developer"), and _____ ("Owner").

Recitals

A. Owner, as buyer, and Developer, as seller, are parties to a Vacant Land Contract to Buy and Sell Real Estate, dated _____, 20__ (the "Purchase Contract"), pursuant to which Owner has acquired or will acquire fee simple title to Lot _____ (the "Purchased Lot") of The Highlands at Breckenridge _____, Subdivision.

B. Owner has expressed an interest in exchanging the Purchased Lot for another Available Lot (as such term is defined below) in The Highlands, and Developer has agreed to provide a mechanism for such exchange according to the terms and conditions set forth herein.

Agreement

In consideration of the foregoing, and for good and valuable other consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Developer hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meanings given to them in the Declaration of Land Use Restrictions for The Highlands at Breckenridge Subdivision.

2. Subject to the requirements of Sections 3 through 7 below (inclusive), Owner shall be entitled to exchange the Purchased Lot for any other Available Lot within The Highlands (any such Lot, an "Exchange Lot"), provided that:

(a) the purchase price of the Exchange Lot must equal or exceed the purchase price of the Purchased Lot as set forth in the Purchase Contract;

(b) Owner gives notice to Developer of Owner's election to exchange the Purchased Lot pursuant to this Agreement not later than two years after the date of the Closing of the Purchase Contract (as defined therein); and

(c) the Exchange Lot must be a Lot within The Highlands which (i) is available for purchase or exchange as part of the priority selection process set forth in Section 3 below, and (ii) is not subject to a contract of sale between Developer and any third party (an "Available Lot").

3. Owner's exchange option shall be exercised in accordance with this Section.

(a) For each Purchased Lot, Owner shall receive one "Priority Number" which designates Owner's rights with respect to Available Lots in relation to the rights of other owners having exchange options. Owner's Priority Number will be assigned upon closing of the Purchase Contract in accordance with its terms, and will be based upon the date and time at which Owner provided a complete set of executed closing documents and funds to Title Company of The Rockies. Developer will maintain a record of Owner's priority number during the term of the Exchange Agreement.

(b) As to each subsequent filing of The Highlands, Developer shall provide Owner and all other owners having priority numbers with written notice that Lots within such filing are available for purchase or exchange, which notice shall include at a minimum the size and price of each Available Lot. Such notice from Developer shall be mailed approximately two weeks before such Lots are made available for purchase by persons without priority numbers and will be addressed to Owner at the address set forth in the Purchase Contract as Owner's address for notices. Such notice shall include a date and time at which the priority selection process described below will occur with respect to the described Lots (the "Priority Election Date"). Developer shall have no obligation with respect to the giving of such notice, except for the obligation to deposit such notice in the U.S. mail, and Developer shall not be responsible for the actual or timely receipt of such notice by Owner.

(c) Upon receipt of notice from Developer as to a particular filing of The Highlands, Owner may either (i) elect to exchange the Purchased Lot for an Available Lot included within such filing, based upon Owner's Priority Number, or (ii) decline to exercise Owner's exchange option as to such filing. If Owner exercises his option, then Owner may request to purchase an Available Lot in lieu of exchange, which purchase request Developer may grant in its sole discretion. If Owner elects not to exercise his or her option as to such filing, Owner must provide written notice to developer prior to the Priority Election Date. If Owner fails to provide such notice, then Owner shall be deemed to have declined to exercise Owner's exchange option.

(d) On the Priority Election Date set forth in the notice from Developer to Owner, all holders of Priority Numbers who desire to exchange a purchased lot for an Available Lot or to purchase an Available Lot must be present in person or by agent (as appointed pursuant to paragraph (f) below) at the office of the Developer in Breckenridge. Developer will then call out the Priority Numbers in order (lowest to highest), with each holder of a Priority Number selecting an Available Lot for exchange at the time his or her Priority Number is called. Selection of a Lot shall require Owner to (i) make a \$7,500.00 earnest money deposit, to be held by Title Company of The Rockies as escrow agent until closing of the exchange transaction occurs, and (ii) execute and deliver a contract for purchase of the selected Lot on Developer's then-current contract form (the "Exchange Contract"). This priority selection process shall end upon the earlier of (A) the time at which all Available Lots within such filing are selected and associated deposits for such Lots have been made, and (B) the time at which all holders of Priority Numbers who are interested in such Lots have been afforded an opportunity to select an Available Lot for exchange. Developer shall be entitled to sell to third parties those Lots which are not selected for exchange during the priority selection process.

(e) The Exchange Contract to be executed by Owner in connection with the selection of a Lot shall include the following requirements:

(i) Owner shall receive a credit toward the purchase price of the Exchange Lot in an amount equal to the purchase price of the Purchased Lot as set forth in the Purchase Contract;

(ii) closing of the Exchange Contract shall occur no more than 30 days after the Priority Election Date;

(iii) Owner shall convey the Purchased Lot to Developer by special warranty deed free and clear of any matters affecting title which were not in existence at the time of the closing of the Purchase Contract as to the Purchased Lot, and shall provide to Developer at Owner's sole expense an acceptable title insurance policy from Title Company of The Rockies which insures good and marketable title in Developer subject only to exceptions to title permitted in the deed;

(iv) Owner shall pay all transfer taxes associated with the conveyance of the Purchased Lot from Owner to Developer and the conveyance of the Exchange Lot from Developer to Owner;

(v) escrow fees and related closing costs shall be shared equally between Developer and Owner, and real property taxes as to both the Purchased Lot and the Exchange Lot shall be prorated as of the closing date of the Exchange Contract; and

(vi) any real estate, brokerage or other commissions payable with respect to the Exchange Lot shall be based solely upon the difference between the purchase price of the Exchange Lot and the purchase price of the Purchased Lot (as such prices are designated in the purchase contracts).

(f) Owner may authorize an agent to represent him or her during the priority selection process described above, provided that (a) such agent is authorized in writing (whether by power of attorney or other instrument acceptable in form and substance to Developer and Title Company of The Rockies) to act on behalf of Owner for purposes of the priority selection process and to execute on Owner's behalf a contract of sale for the applicable Exchange Lot, and (b) a copy of such authorization is received by Developer at least one day prior to the Priority Election Date as to which the agency applies.

4. Notwithstanding anything to the contrary contained herein, Developer may withhold a limited number of Lots from the priority selection process, in Developer's sole and absolute discretion, by excluding such Lots from the notice sent to owners as to any particular filings of The Highlands. Such excluded Lots shall not be "Available Lots" as such term is defined above.

5. Owner may not assign or otherwise transfer the Priority Number or any of Owner's rights pursuant to this Agreement. Any attempt to so assign or transfer Owner's Priority Number or this Exchange Agreement shall be null and void and of no force or effect.

6. Developer reserves the right to rescind or modify this Exchange Agreement upon written notice to Owner. Owner's sole remedy in case of breach of this agreement by Developer shall be a right to extend Owner's option for one (1) additional year after the termination date otherwise established by paragraph 3.(a) hereof.

7. This Exchange Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

EXECUTED THIS ____ DAY OF _____, ____.

DEVELOPER:

LINCOLN HIGHLANDS III LIMITED,
a Colorado limited partnership

By: _____
a Colorado corporation
and General Partner

By: _____
Its: _____

OWNER:

signature

signature