

APPLEWOOD SANITATION DISTRICT
MAINTENANCE AND WARRANTY BOND

KNOW ALL MEN BY THESE PRESENTS, that _____,
(hereinafter referred to as "Principal"), and _____,
(hereinafter referred to as "Surety"), are held and firmly bound unto the
**APPLEWOOD SANITATION DISTRICT, a quasi-municipal corporation and
political subdivision of the State of Colorado** (hereinafter referred to as
"District"), in the sum of _____ dollars (\$ _____),
lawful money of the United States of America for the payment whereof the Principal
and Surety bind themselves, their heirs, executors, administrators, successors, and
assigns, jointly and severally, firmly, by these presents:

WHEREAS, Principal has applied to the District for permission to install the
sewer mains and related appurtenances generally described on Exhibit A which is
attached hereto and incorporated herein by this reference (the "Project"), for the
purpose of obtaining sewer services for a development known as
_____; and

WHEREAS, as a condition of the District's approval of the Project, Principal
and District have entered into the Application and Agreement for Extension of
Sewer Mains (hereinafter called the "Contract") which Contract is by this reference
made a part here of; and

WHEREAS, the Contract contains: a) Principal's warranty that the Project will
be free from defects for the period beginning with the date of initial acceptance and
ending with the date the project is finally accepted by the District; and, b) Principal's
promise to maintain and repair the Project until the same has been finally accepted
by the District and to raise manholes per District standards to paved street level at
such time the street is finally paved, even if the same occurs after final acceptance
of the Project; and

WHEREAS, the approval of the Project by the District and Principal's
authorization to proceed with the construction thereof is in part conditioned upon
Principal's furnishing of an adequate warranty and maintenance bond to the District
guaranteeing that Principal will perform or cause to be performed all of Principal's
warranty, maintenance and other obligations that arise under the Contract from and
after the date the same is initially accepted by District.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that,
if the Principal shall promptly, faithfully and fully perform all the undertakings,
covenants, terms, conditions and agreements of said Contract arising after initial
acceptance of the Project by the District, including but not limited to Principal's
maintenance, repair, warranty and manhole raising obligations; and shall also well

and truly perform all undertakings, covenants, terms, conditions and agreements, of any and all duly authorized modifications of said Contract that may hereinafter be made, notice of which modifications to the Surety being hereby waived, then this obligation shall be null and void; otherwise it shall remain in full force and effect until the Project is finally accepted by the District pursuant to the Contract.

AND THE SAID SURETY, for value received, hereby stipulates and agrees that whenever the Principal shall be, and is declared by District in default of its post-initial acceptance obligations under said Contract, the District having performed its obligations thereunder, the Surety may promptly remedy the default or shall promptly (1) perform the Principal's post initial acceptance obligations in accordance with the terms and conditions of the Contract, or (2) obtain a bid or bids for submittal to the District for completing said post-initial acceptance obligations of the Principal in accordance with the terms and provisions of the Contract and upon a determination by the District and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the District and make available as work progresses (even though there should be a default or a succession of defaults under the Contract of completion arranged under this paragraph) sufficient funds to pay the cost of completion in an amount up to but not exceeding the dollar amount of this Bond.

No right of action shall accrue on this Bond to or for the use of any person or corporation other than the District named herein or the successors and assigns of the District. Any suit under this Bond must be instituted before the expiration of two years from the date on which the Project is finally accepted by the District under the Contract.

Nothing herein contained is intended to cause the Surety to guarantee that the Project will be constructed in the first instance. Surety's obligations hereunder arise only at such time as the Project is initial accepted by the District.

