

**GRAND TIMBER LODGE
BRECKENRIDGE, COLORADO**

COLORADO DISCLOSURE DOCUMENT

**THE STATE OF COLORADO HAS NOT PREPARED OR
ISSUED THIS DOCUMENT NOR HAS IT PASSED ON
THE MERITS OF THE SUBDIVISION DESCRIBED HEREIN**

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The following disclosures are provided to you in connection with the purchase of property from Gold Point Lodging and Realty, Inc., a Colorado corporation (the "Developer").

**1. NAME AND ADDRESS OF THE DEVELOPER AND OF THE SUBDIVISION LOTS OR UNITS.
Rule 2.7 (A).**

Name and address of the Developer:

Gold Point Lodging and Realty, Inc., a Colorado corporation dba Grand Timber Development Company
100 S. Main Street
Breckenridge, CO 80424

Name and address of Subdivision:

Grand Timber Lodge
75 Snowflake Drive
Breckenridge, Summit County, Colorado
(Referred to herein as, the "Resort")

**2. AN EXPLANATION OF THE TYPE OF OWNERSHIP OR OCCUPANCY RIGHTS BEING
OFFERED. Rule 2.7 (B).**

Purchasers will acquire an undivided 1/52nd fee ownership interest with use restricted to one week per such interest (referred to as a "Vacation Estate" or "Vacation Week") in a specific condominium unit, which will be one of 318 units located within eight buildings that the Developer has constructed at the base of Peak 9 of the Breckenridge Ski Area. Any of those units dedicated by the Developer to timeshare use is called a "Vacation Unit," and the Vacation Units will be part of the larger, existing condominium project (the "Condominium Development") that includes the Vacation Units, residential and commercial units, more particularly set forth in the Condominium Declaration and Plan of Vacation Ownership for Grand Timber Lodge (the "Declaration") which the Developer has recorded in the real property records of Summit County, Colorado.

An alternating Vacation Estate will also be offered in some or all of the Vacation Units. An alternating Vacation Estate is basically an every other year use of one such one week use. The "E" distinction in a legal description indicates the use of all even numbered years and the "O" distinction indicates use of the odd numbered

years. For the definition of alternating Vacation Estates see the Declaration. The length of interest being offered is a Seven Consecutive Day period beginning 4:00 p.m. Friday, Saturday or Sunday until 10:00 a.m. the following Friday, Saturday or Sunday. The time share periods or use of property is defined in Article 22 of the Declaration and basically says that Vacation Week 1 is the 7 consecutive days commencing on the first Saturday or Sunday of each calendar year. Vacation Week 2 is the seven day period next succeeding in each such year and so forth up to Vacation Week 52.

The undivided interests in fee simple of the particular condominium units being offered are "interval estates" as that term is defined in Colorado Revised Statutes ("C.R.S.") 38-33-110(1)(a). Time-span estate means a combination of the following two elements:

(a) An estate for years terminating on a date certain, during which years title to a time share unit circulates among the interval owners in accordance with a fixed schedule, vesting in each such interval owner in turn for a period of time established by the said schedule, with the series thus established recurring annually until the arrival of the date certain; and

(b) A vested future interest in the same unit, consisting of an undivided interest in the remainder in fee simple, the magnitude of the future interest having been established by the time of the creation of the interval estate either by the project instruments or by the deed conveying the interval estate. The estate for years shall not be deemed to merge with the future interest, but neither the estate for years nor the future interest shall be conveyed or encumbered separately from the other.

According to Article 22 of the Declaration, the Vacation Estate that Purchaser is purchasing will terminate on the first Friday of the year 2080. This means that on such date in 2080, the Purchaser or the Purchaser's successors or heirs will own an undivided interest in the condominium unit that the Purchaser is purchasing along with the other owners of the Vacation Unit as tenants in common. In the alternative, prior to the termination date the Purchaser, along with the other owners of the condominium unit, may decide to renew the Vacation Estates for a new period of time. The reason that the Vacation Estate must terminate on a certain date is because by definition Colorado Revised Statutes ("C.R.S.") 38-33-110(1)(a) requires a certain termination date. In any event, after termination Purchaser, its successors or heirs, will still own a 1/52nd interest as a tenant in common for each week that the Purchaser owns in the Vacation Unit.

Grand Timber Lodge Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), will administer the operation and maintenance of the Resort and Condominium Development in accordance with the Association Articles of Incorporation, Association Bylaws and Association Rules and Regulations ("Association Rules and Regulations"). "Grand Timber Lodge Club" (the "Club") is a service name given to the variety of reservation, use and other rights and services and other benefits made available to eligible Vacation Owners by Peak Resorts Management, LLC, a Colorado limited liability company, d/b/a Breckenridge Grand Vacations ("Manager"), an affiliate of Declarant, in accordance with Grand Timber Lodge Club Membership Plan and Rules and Regulations, as established and modified by the Manager from time to time (the "Club Rules").

Purchasers should refer to the Association Rules and Regulations and the Club Rules for further information regarding the Club, Club membership and available membership benefits.

3. DISCLOSURE REGARDING AMENITIES AND ACCOMMODATIONS, TOGETHER WITH PROVISIONS FOR AND AVAILABILITY OF LEGAL ACCESS, ROADS, SEWAGE DISPOSAL, PUBLIC UTILITIES, INCLUDING WATER, ELECTRICITY, GAS, TELEPHONE AND OTHER PROMISED FACILITIES IN THE SUBDIVISION, AND WHETHER THESE ARE TO BE AN EXPENSE OF THE DEVELOPER, THE PURCHASER OR A THIRD PARTY. Rule 2.7 (C).

The 318 Vacation Units are located within eight buildings and may be configured as one, two, three or four-bedroom Vacation Units. Some Vacation Units may be arranged to allow individual bedrooms to be locked-off with access from common corridors.

On-site amenities and recreational facilities consist of:

- Two ski-in/ski-out trails to lifts
- Two swimming pools (approximately 900 and 1,554 square feet, respectively).
- Indoor kids pool (approximately 110 square feet).
- Two indoor hot tubs (approximately 50 and 240 square feet, respectively).
- Four outdoor hot tubs (approximately 110, 130, 140 and 150 square feet, respectively).
- One sauna
- One steam room
- Water feature playground
- Standard playground
- Refresh Spa (featuring four treatment rooms)
- The Boot Bar & Grill
- Athletic facility with aerobic machines and weights
- Exercise mezzanine with yoga, Pilates and spinning classes
- Video arcade
- Lodgepole General Store
- Ski concierge with ski rentals, tuning and storage
- Board room
- Business center
- Great room with couches and chairs, big screen television and billiards table
- Two courtyards
- Barbeque area.
- Day use locker rooms
- Day use lunch room

Future service levels and amenities will be funded through the annual homeowners' dues and will be determined by the Association. Under the terms of the Declaration, the Association and Managing Agent reserve the right to create, revise, amend and remove restrictions, prohibitions, rules and regulations regarding the use by the Vacation Owners, renters, exchange program participants and guests of the Condominium Development or any amenities, including clubs, spas or other services.

In addition to the above described amenities, the Condominium Development currently includes 3 commercial condominium units. These units include spaces to be operated as a sundries shop, a restaurant and bar open to the general public, a lobby bar and lounge area, a day spa open to the general public, a locker room/first aid unit, front desk, concierge desk, sales center, sales kiosk areas and management offices and other retail operations. The uses of the commercial units are subject to change at the discretion of the owners of those units, but subject to certain use restrictions set forth in the restrictive covenants governing the Condominium Development.

The Vacation Units are constructed and legally established as condominium units in accordance with all requirements for land use approvals under the laws of the State of Colorado, and the regulations of Summit County and the Town of Breckenridge. Legal access to the Condominium Development is available by means of Snowflake Drive, and from Snowflake Drive access to the Vacation Units is available by virtue of an easement with adjacent Lot2A and the right of the Vacation Owners to use the General Common Elements, the Limited Common Elements, as provided in the Condominium Declaration and by easement granted on the recorded plat. All utilities and services including water, sanitary sewer, electricity, natural gas, telephone and cable television will be installed and available to each Vacation Unit before the deed to any Vacation Estate in the Vacation Unit is delivered to any purchaser. The Developer will pay all tap fees for utilities. There will be no further expense to purchasers of Vacation Units to bring utilities to the Condominium Development or to any of the individual Vacation Units. Purchasers will pay utility usage charges through assessment charges by the Association.

The following list describes the type of service provided and the name of the respective provider of such service. No service contracts have been signed at this time. Those services marked with an asterisk (*) are subject to change:

<u>Service</u>	<u>Service Provider</u>
Cable *	Direct TV
Natural Gas	Xcel Energy of Colorado
Electricity	Xcel Energy of Colorado
Telephone *	CenturyLink via Association PBX system
Water	Town of Breckenridge
Sanitary Sewer	Upper Blue Sanitation District
Solid Waste Disposal *	Waste Management of Colorado
Fire Protection	Red White and Blue Metropolitan District
Police Protection	Town of Breckenridge
Snow Removal	Association

4. A GENERAL DESCRIPTION OF ALL JUDGMENTS AND ADMINISTRATIVE ORDERS ISSUED AGAINST THE SELLER, DEVELOPER, HOMEOWNERS' ASSOCIATION OR MANAGING ENTITY, WHICH ARE MATERIAL TO THE SUBDIVISION PLAN. Rule 2.7 (E).

None.

5. ANY TAXES OR SPECIAL ASSESSMENTS, EXISTING OR PROPOSED, TO WHICH THE PURCHASER MAY BE SUBJECT OR WHICH ARE UNPAID AT THE TIME OF CONTRACTING, INCLUDING OBLIGATIONS TO SPECIAL TAXING AUTHORITIES OR DISTRICTS. Rule 2.7 (F).

The Vacation Units will be subject to real property and personal property taxes imposed by Summit County and the Town of Breckenridge. In addition, the Condominium Development is included in the following districts, each of which is funded through ad valorem real estate taxes and empowered to levy special assessments against the Vacation Units.

- Red White and Blue Metropolitan District
- Upper Blue Sanitation District
- Middle Park Water Conservancy District
- Summit County Library District
- Health Services District
- Colorado Mountain College District
- Colorado River Conservation District
- Summit School District RE-1

The Association may approve regular and special assessments against the Units and Vacation Units to fund expenses and reserves required to maintain the Condominium Development common areas, all in accordance with the Declaration and the Bylaws of the Association.

Finally, the Town of Breckenridge, Colorado imposes a real estate transfer assessment in connection with all conveyances of real property in Breckenridge, including the Vacation Estates, in the amount of 1.0% of the consideration paid for the property. Each buyer of a Vacation Estate will be charged for this assessment at the closing of the purchase.

To the best of the Developer's knowledge, no special assessments or additional taxes are proposed by the Association, the Town of Breckenridge or Summit County, or except as listed above, taxing districts, special districts or other governmental entity. The Developer will pay the costs of construction of the Vacation Units and amenities, and those costs may not be levied as special assessments against the Vacation Owners or other members of the Association under the terms and limitations of the Declaration.

To the best of the Developer's knowledge, none of the taxing districts has defaulted on any obligation, nor has it filed for bankruptcy protection, nor are such actions pending. Purchasers of Vacation Estates may receive a copy of the most recent audited financial statements of the special districts from the administrative offices for the special districts upon request. No person affiliated with the Developer has direct or indirect control of any of the special districts. Neither the Developer nor any financially interested person affiliated with the Developer has any financial interest in, nor will he or she potentially derive any income or profit from, any of the special districts. No such person has any right to borrow or authorize borrowing from any special district.

The Developer is not in default on payment of any of its obligations to the special districts. To the best of the Developer's knowledge, the Association is not in default in payment of any obligation to the districts for service fees.

6. STATEMENT REGARDING SALES BY BROKERS. Rule 2.7 (G).

Peak 8 Properties, LLC is the exclusive listing real estate agent for Developer for the Condominium Development. All sales of Vacation Estates at Grand Timber Lodge in Colorado will be effected by brokers and salespersons licensed by the State of Colorado unless specifically exempted pursuant to C.R.S. 12-61-101(4). Vacation Estates at Grand Timber Lodge are currently offered under an exclusive right to sell listing with Peak 8 Properties, LLC, John Liner, Broker, Broker, 100 S. Main Street, 2nd Floor, P.O. Box 6879, Breckenridge, Colorado 80424.

7. IF THE SUBDIVISION HAS A HOMEOWNERS OR SIMILAR ASSOCIATION. Rule 2.7 (M).

i. *Whether membership in such association is mandatory.*

All Vacation Owners are mandatory members of the Association. The Association is responsible for the management, administration, and operation of the Condominium Development, including maintenance of all common areas serving the Condominium Development, the maintenance, operation and administration of the vacation ownership regime for the Vacation Units, including reservations and housekeeping; and for the maintenance, repair and replacement as needed of all furniture, fixtures and equipment in the Vacation Units.

The Association has the right to propose special assessments as provided in the Declaration, Articles of Incorporation, Bylaws, rules and regulations and all amendments and supplements thereto, which govern the Association. The Association operates from a budget approved by the Board of Directors of the Association. Budgets are adopted annually by the Association based on the anticipated expenses required for the operation of the Association.

ii. *An estimate of association dues and fees, which are the responsibility respectively of the purchaser and the Developer.*

A copy of the annual budget and estimated assessments for the Association for the current budget year is attached hereto as Exhibit A. The obligation for payment of assessments due for the year of closing will be determined by agreement between the Developer and the Vacation Estate purchaser at the time a purchase contract is signed. The Developer will be responsible for all assessments, if any, accruing prior to closing, while the purchaser will be responsible for all assessments accruing subsequent to closing. The Developer is obligated to pay assessments for all unsold interests in the same manner as all other owners.

iii. *A description of the services provided by the association.*

The Association is responsible for the operation and administration of the Condominium Development, including the maintenance, repair and administration of all structure and mechanical components of the

Condominium Development generally, as well as all furniture, fixtures and equipment located within each of the Vacation Units. The Association is responsible for all reservation, reception and departure services and systems and the supervision of all housekeeping services for Vacation Units.

iv. *Whether the Developer has voting control of the association and the manner in which such control can or will be transferred.*

The Developer, as the Declarant according to the Declaration, initially possessed a period of control of the Association, which period has now terminated. Please read Article 7, Section 7.5 of the Declaration for a full description of such period of control. As a result of such termination, the Developer no longer has the power to appoint and remove members of the Board and Officers of the Association as permitted by C.R.S. § 38-33.3-303; provided, however, the Developer retains the power to represent its interests as an owner of any Vacation Units or Condominium Units or as otherwise provided in the Declaration. The current members of the Board of Directors are Marc Block, Lew Phinney, Mark Orton, Tom Endres, Jay Keany, Roger Lemmon and Nicholas J. Doran.

v. *Whether the Developer has any financial interest or will potentially derive any income or profit from such association, including the Developer's right to borrow or authorize borrowing from the association.*

The Developer has no direct financial interest in the Association, nor will it potentially derive any income or profit from any of those associations. The Developer has no right to borrow or authorize borrowing from the Association.

The Board of Directors of the Association is responsible for collecting and disbursing funds of the Association. The Manager, pursuant to the Management Agreement, will be delegated the authority to hold funds of the Association and to disburse those funds in accordance with the Management Agreement.

However, while Manager, an affiliate of Gold Point Lodging and Realty, Inc., does manage the Association for a profit, it cannot borrow money from the Association in this capacity either. According to the Association Bylaws, only an officer of the Association may sign checks or otherwise disburse funds of the Association, thus, Michael A. Dudick and Nicholas J. Doran do sign checks on behalf of the Association. Please see the Management Agreement attached as Exhibit B, for further details concerning the management and control of the Association. Developer, in every contract for sale, is obligated to provide you, the purchaser, with the written "statement of assessments" pursuant to C.R.S. §38-33.3-316(8) upon request.

8. TIMESHARE PROJECT. Rule 2.7 (N).

i. *A description of the timeshare units including the number of timeshare units, the length and number of Vacation Estates in each unit, and the timeshare periods constituting the Plan of Vacation Ownership.*

A total of one hundred fifty (150) two-bedroom equivalent Vacation Units may be committed to the Plan of Vacation Ownership. The Developer will determine which condominium units are committed to the Plan of Vacation Ownership. All condominium units in which a Vacation Estate has been conveyed shall be committed to the Plan of Vacation Ownership.

The undivided interests in the units will be sold in 1/52nd undivided interests with use restricted to one week per such interest. An alternating Vacation Estate will also be offered in some or all of the units. An alternating Vacation Estate is basically an every other year use of one such one week use. The "E" distinction in a legal description indicates the use of all even numbered years and the "O" distinction indicates use of the odd numbered years. For the definition of alternating Vacation Estates see the Declaration. The length of interest being offered is a Seven Consecutive Day period beginning 4:00 p.m. Friday, Saturday or Sunday until 10:00 a.m. the following Friday, Saturday or Sunday. The time share periods or use of property is defined in Article 22, Section 22.2 of the attached Declaration and basically says that Vacation Week 1 is the 7 consecutive days commencing on the first Saturday or Sunday of each calendar year. Vacation Week 2 is the seven day period next succeeding in each such year and so forth up to Vacation Week 52.

Use of the Vacation Estates will be governed by the Club Rules. **Please see the Club Rules for further information regarding the Club and reservation procedures.**

ii. *The name and business address of the managing entity under the Plan of Vacation Ownership, a description of the services that the managing entity will provide, and a statement as to whether the Developer has any financial interest in or will potentially derive any income or profit from such managing entity, and the manner, if any, by which the purchaser or Developer may change the managing entity or transfer the control of the managing entity.*

The Association is under contract with the Manager, Peak Resorts Management, LLC d/b/a Breckenridge Grand Vacations, a Colorado limited liability company, to provide reservation and management services (the "Management Agreement"). The Manager's office is currently located at 100 South Main Street, Breckenridge, Colorado 80424.

Michael C. Millisor and Michael A. Dudick are involved in full time operation of the Manager's business and supervise its day-to-day activities. The management company is operated for profit. It is therefore expected that Manager will receive a profit in connection with property management services to be provided to the Association. The Manager is an affiliate of Gold Point Lodging and Realty, Inc. Michael Millisor and Michael Dudick are the majority and controlling owners of Gold Point Lodging and Realty, Inc. The current term of the Management Agreement is 10 years, subject to successive five-year automatic renewal terms and termination for cause by the Association. The current term will automatically renew, unless otherwise terminated, pursuant to the terms of the Management Agreement on December 31, 2030.

iii. *An estimate of the dues, maintenance fees (referred to herein as "homeowners' dues"), real property taxes and similar periodic expenses which are the responsibility respectively of the purchaser and the Developer and a general statement of the conditions under which future changes or additions may be imposed. Such estimate will include a statement as to whether a maintenance reserve fund has been or will be established, the manner in which such reserve fund is financed if not cash funded, an accounting of any outstanding obligations either in favor of or against the fund, the Developer's right to borrow or authorize borrowing from the fund, and the method of periodic accounting which will be provided to the purchaser.*

Estimates of the homeowners' dues, ad valorem property taxes and similar periodic expenses for the Vacation Units are set forth in the budget for the current budget year attached as Exhibit A and provided to purchasers of Vacation Estates together with this disclosure document. The budget for the Association is modified annually by the Executive Board, subject to any required vote of the members of the Association. Assessments for common expenses are allocated among the Association members based upon the respective assessment percentages allocated to each Vacation Unit, as set forth in the Declaration.

Each Vacation Owner that acquires a Vacation Estate directly from Gold Point Lodging and Realty, Inc., its authorized agent or on the open re-sale market is automatically a member of Grand Timber Lodge Club with respect to that Vacation Estate. Vacation Owners are not subject to initial or ongoing Club membership dues.

As set forth in the Declaration, the Association has a lien right against each Vacation Estate, as applicable, for any unpaid assessments under the Declaration and Plan of Vacation Ownership. The lien continues in effect until all sums secured by the lien have been fully paid or until such time as is otherwise provided by applicable law. All such liens may be foreclosed by suit brought in the name of the lienholder in the same manner as a foreclosure of a mortgage on real property. Foreclosure may result in loss of ownership of the Vacation Estate. The Association may also sue to recover a money judgment against a Vacation Owner for unpaid homeowners' dues without waiving any claim of lien.

Upon commencement of assessments against the Vacation Units, the Association will create a reserve fund to provide for the repair and replacement of furniture, fixtures and equipment in the Vacation Units, and to supplement the Association's existing reserve for structural components of the common areas administered or managed by the Association.

Assessments and reserve funds for the Vacation Units are deposited into separate accounts controlled by the Manager and will not be commingled by the Manager with funds held for the benefit of other unrelated owners' associations or its own funds. The Manager must account to the Association for the receipt and disbursement of all Association funds. The Developer has no right to borrow from the operating or reserve funds, nor may the Developer authorize borrowing from the funds by any other party.

Reserve funds for the Association are budgeted as part of the annual homeowners' dues and are cash funded.

The Association will report to the Vacation Owners and the other owners of condominium units in the Condominium Development on the financial affairs of the Association at the annual meeting of the Association. In addition, the Association will send copies of proposed annual budgets to all Vacation Owners. The Vacation Owners may also inspect financial records of the Association.

iv. *A description of insurance coverage provided for the benefit of purchaser.*

The Association carries insurance coverage for general liability, casualty, and fidelity risks pursuant to the Declaration and applicable law in such amounts as to provide reasonable and cost-effective protection for the Vacation Owners and other members in the Association in the event of loss. The amounts of such coverage will be determined by the Association Board of Directors and applicable law. The following are the coverages currently in effect for the Condominium Development:

<u>General Liability:</u>	\$1 million per occurrence \$2 million aggregate
<u>Casualty:</u>	Full replacement cost for all improvements, furnishings, fixtures and equipment
<u>Fidelity:</u>	Not less than \$50,000

v. *The mechanic's lien laws of Colorado may authorize enforcement of a lien by selling the entire unit committed to vacation ownership or the entire project.*

Upon the sale of each Vacation Estate by the Developer, protection against any mechanic's lien claims for work on the Vacation Unit before the sale will be provided to the Vacation Owner through title insurance. Under the terms of the Condominium Declaration, no owner of any condominium unit in the Condominium Development is authorized to encumber the general common elements or any other condominium unit in the Condominium Development with any mechanic's lien.

9. **EXTERNAL EXCHANGE PROGRAM. Rule 3.1.**

i. **Interval International.** The information provided in this Section is intended to provide only general information with respect to the Resort's participation in the exchange program with Interval International, Inc. ("Interval"). More specific information regarding the exchange program is provided to you by Interval in the Interval Buyer's Guide and the Interval Resort Directory (collectively, the "Interval Disclosure Package") and in the Association rules and regulations.

In order to increase the range of options available to Vacation Owners, the Developer has arranged for an "External Exchange Program." This program currently consists exclusively of an exchange agreement between Developer and Interval, as the "External Exchange Company," under which Developer is a "corporate member" on behalf of all Vacation Owners (the "Interval Affiliation Agreement"). The Interval Affiliation Agreement allows Club members to exchange timeshare privileges with resorts that participate in the Interval exchange network.

All external exchange requests will be submitted by Vacation Owners to Developer in accordance with the Association rules and regulations. The purchaser's participation in the External Exchange Program is voluntary, and the use of the External Exchange Program is subject to the availability of other timeshare interests in the exchange network, and to the rules, regulations, terms, and other restrictions set by Interval from time to time. The exchanging Vacation Owner will be charged Interval's published fee to confirm an external exchange.

Developer's current Interval Affiliation Agreement with Interval expires on December 31, 2024. Neither Developer nor Interval is obligated to extend or renew the Interval Affiliation Agreement for any particular length of time, and neither has made any commitment to do so. Upon termination or expiration of the Interval Affiliation Agreement, Developer, subject to its reasonable business judgment as to availability, economic feasibility, and the best interests of the Vacation Owners as a whole, may enter into another agreement of short or long duration with Interval or with another External Exchange Company so that Vacation Owners will have the opportunity to avail themselves of an External Exchange Program. There can be no assurance, however, that Developer will do so or will be successful in doing so.

- a. *The name and business address of the exchange company. 3.1 (A).*

Interval International, Inc.
6262 Sunset Drive
Miami, Florida 33143

- b. *Whether the purchaser's contract with the exchange program is separate and distinct from the purchaser's contract with the time share developer. 3.1 (B).*

Each purchaser of a Vacation Estate desiring to be a member of the exchange program must separately contract with Interval International.

- c. *Whether the purchaser's participation in the exchange program is dependent upon the developer's continued affiliation with the exchange program. 3.1(C).*

Although the Developer has entered into a multi-year corporate membership agreement with Interval with respect to the offering of exchange services, the Developer reserves the right, in its sole discretion, to change its affiliation to another exchange company at a future date, and any such change will not be deemed a material change. The participation by a Vacation Owner in Interval's External Exchange Program is dependent on the Developer's continued affiliation with Interval's External Exchange Program.

- d. *Whether or not the purchaser's participation in the exchange program is voluntary. 3.1 (D).*

The Vacation Estate purchaser's eligibility to participate in the External Exchange Program is automatic; however, actual participation in the External Exchange Program is voluntary. The use of such exchange program is subject to availability of other timeshare interests in the Interval exchange network, and rules, regulations, terms, and other restrictions (including transaction fees) that may be set by Interval from time to time.

- e. *The specific terms and conditions of the purchaser's contractual relationship with the exchange program and procedure by which changes, if any, may be made in the terms and conditions of such contractual relationship. 3.1 (E).*

More specific terms of the contractual relationship of Developer with Interval are provided in the Interval Disclosure Package.

- f. *The procedure for applying for such exchanges. 3.1 (F).*

The terms and conditions for applying for exchanges are set forth in the Interval Disclosure Package, as it may be changed from time to time by Interval in its sole discretion, and by the Developer in its sole discretion. Vacation Owners will be provided written notice of any such changes.

g. *A complete description of all limitations, restrictions, accrual rights, or priorities employed in the operation of the exchange program, including but not limited to limitations on exchanges based on seasonability, unit size, or levels of occupancy; and if the limitations, restrictions or priorities are not applied uniformly by the exchange program, a complete description of the manner of their application. 3.1 (G).*

Interval assigns a priority to each exchange request based upon a number of factors, as determined by Interval with respect to each resort. More specifics with respect to these factors are provided in the Interval Disclosure Package.

h. *Whether exchanges are arranged on a space-available basis or whether guarantees of fulfillment of specific requests for exchange are made by the exchanging company. 3.1 (H).*

All exchange requests will be submitted by Vacation Owners to Interval in accordance with the rules, regulations, terms and conditions set by Interval from time to time. Interval does not guarantee fulfillment of a specific request for exchange privileges at a participating resort.

i. *Whether and under what conditions, a purchaser may, in dealing with the exchange program lose the use and occupancy of the time share period, in any properly applied for exchange without being offered substitute accommodations by the exchange program. 3.1 (I).*

Interval has no obligation to provide a Vacation Owner depositing a pre-reserved week in a Vacation Unit with exchange accommodations in a subsequent year if: (a) the Vacation Owner fails to submit a valid exchange request listing travel dates no later than 24 months after the commencement date of the deposited week; or (b) the Vacation Owner's requested accommodations are not available and any alternative accommodations offered by Interval are not accepted by the Vacation Owner.

j. *The fees for participation in the exchange program, whether the fees may be altered and the method of any altering. 3.1 (J).*

The present cost of the Interval annual membership is \$99.00. A Vacation Owner must separately pay Interval's published fee to confirm an external exchange. The External Exchange Program is a standard service offered by Interval.

Additionally, fees, if any, charged by resorts participating in Interval's External Exchange Program for the use of facilities and amenities are determined and levied by each member resort. Such fees are the responsibility of the individual Vacation Owner using those facilities and amenities in the exchange. These fees may vary from resort to resort and are subject to change without notice.

k. *The name and location of each accommodation or facility, including the time sharing plans participating in the exchange program. 3.1 (K).*

Each purchaser of a Vacation Estate participating in the External Exchange Program will be provided with a current Interval Resort Directory, which lists the resorts participating in the Interval External Exchange Program.

l. *Termination of Interval Affiliation Agreement by the Association.*

Any agreement with Interval will be by means of the Interval Affiliation Agreement by and between Interval and Developer.

m. *Interval Disclosures*

See the Interval International, Inc. Buyer's Disclosure Guide.

10. GRAND TIMBER LODGE CLUB MEMBERSHIP ELIGIBILITY AND BENEFITS

Grand Timber Lodge Club provides to its members additional resort privileges, bonus time, Club points, reservation priority and other benefits made available by Manager, subject to the Club Rules, as established and modified by the Manager from time to time. Club members also enjoy the ability to maximize the use of their Vacation Week through Manager's proprietary points club overlay that allows use of Vacation Weeks in increments of as few as two days in different seasons and in different Unit types than the Vacation Estate acquired by the Purchaser. Club Members are also entitled to day use of the Project including use of all Project amenities including fitness center, pools, hot tubs and common area parking, as well as on-site parking, subject to availability and solely in accordance with Club Rules, as promulgated and amended by Manager, in its sole discretion, from time to time. Bonus Time use is also available during any time not reserved 14 days in advance of the date of desired check-in. Club membership with respect to a specific Vacation Estate is automatically available to Purchasers who acquire the Vacation Estate from Declarant or its authorized agent, or to other Purchasers upon payment of the Resale Initiation Fee; however, such Club membership automatically terminates with respect to such Vacation Estate upon the sale of the Vacation Estate to a third party.

11. EXPANSION AND DEVELOPMENT RIGHTS.

The Developer has the right to enlarge and supplement the Project pursuant to Article 16 of the Declaration. This right to expand will expire 30 years from the recording of the Declaration.

12. RESTRICTIONS ON RENTAL AND RESALE; EXPECTATIONS OF TAX TREATMENT.

Any permitted sale of a Vacation Estate between a Vacation Owner and a bona fide third party shall be deemed to contain a provision requiring that any sums due to the Association as assessments must be paid in full as a condition of closing of the sale. Any lease or rental agreement shall be deemed to contain a provision requiring that any sums due to the Association as assessments must be deducted from the gross rentals and paid directly to the Association. The Developer has a 60-day right of first refusal that runs with limited portions of the land to purchase any Vacation Estate that is offered for resale, transferred or hypothecated at any time on the same terms and conditions as those offered by any bona fide third party, including financing. Please refer to the Declaration for a detailed description of all of these restrictions and controls.

The Developer has no obligation to assist Vacation Owners in the resale of Vacation Estates or to provide financing for any such resale.

The expectation of deriving any rental or other revenue, profit or gain should not be a consideration in the decision to purchase a Vacation Estate.

Generally, a Vacation Owner should expect substantial competition from the Developer in the event the Vacation Owner desires to resell or rent a Vacation Estate. In this regard, Vacation Owners should not expect any established resale or rental market. Furthermore, any Vacation Owner who attempts to rent a Vacation Unit to a third party will experience considerable competition from resort hotels in or near the Condominium Development (including those owned or operated by Breckenridge Grand Vacations) and from the Developer, who will be renting its unsold inventory of Vacation Estates.

Anticipated tax benefits or the expectation of any particular tax treatment should not be a consideration in the decision to purchase a Vacation Estate.

Exhibit A

Budget for Grand Timber Lodge Owners Association, Inc.

See attached.



GRAND TIMBER LODGE

HOMEOWNERS' ASSOCIATION DUES

FISCAL YEAR JANUARY 1, 2022-DECEMBER 31, 2022

	TOTAL BUDGET	ANNUAL 4-BEDROOM	ANNUAL 3-BEDROOM	ANNUAL 2-BEDROOM	BIENNIAL 3-BEDROOM	BIENNIAL 2-BEDROOM
REVENUE						
Owner Assessment Income	\$13,169,854	\$2,919.64	\$2,189.73	\$1,459.82	\$1,094.87	\$729.91
Cash Discount	(312,126)	(69.28)	(51.96)	(34.64)	(25.98)	(17.32)
Late Fee Income	204,954	45.24	33.93	22.62	16.96	11.31
Vacation Experience Fee Income	279,665	61.73	46.30	30.86	23.15	15.43
Rental Resort Fee Income	386,262	85.26	63.94	42.63	31.97	21.31
Misc. Income	36,478	8.05	6.04	4.03	3.02	2.01
Ski Locker Income	286	0.06	0.05	0.03	0.02	0.02
Dead In Lieu Income	26,000	5.74	4.30	2.87	2.15	1.43
Interest Income	650	0.14	0.11	0.07	0.05	0.04
TOTAL REVENUE	13,792,023	3,056.59	2,292.44	1,528.30	1,146.22	764.15
EXPENSES						
Management & Labor Costs						
Shuttle Service	272,296	60.10	45.08	30.05	22.54	15.03
Management Fee	697,059	153.86	115.39	76.93	57.70	38.46
Owner Relations	1,401,827	312.56	234.42	156.28	117.21	78.14
Guest Services	954,640	212.85	159.64	106.43	79.82	53.21
GTL Resort Ops	425,418	94.85	71.14	47.43	35.57	23.71
BGV Ops	208,880	46.57	34.93	23.29	17.46	11.64
Activities	53,029	11.82	8.87	5.91	4.43	2.96
Employee Housing Reimbursement	30,817	6.80	5.10	3.40	2.55	1.70
Total Management & Labor Costs	4,043,966	899.42	674.57	449.71	337.28	224.86
Engineering & Landscaping						
Landscaping	73,917	16.32	12.24	8.16	6.12	4.08
Engineering	1,141,571	251.97	188.98	125.99	94.49	62.99
Total Engineering & Landscaping Costs	1,215,488	268.29	201.22	134.14	100.61	67.07
Housekeeping						
Common Area Amenities	37,974	8.38	6.29	4.19	3.14	2.10
Housekeeping Cleaning	3,196,658	705.59	529.19	352.79	264.59	176.40
Total Housekeeping Costs	3,234,632	713.97	535.48	356.98	267.74	178.49
Total Fees for Controllable Expenses	8,494,085	1,881.68	1,411.26	940.84	705.63	470.42
Utilities & Technology						
Water and Sanitation	194,958	43.03	32.27	21.52	16.14	10.76
Satellite / Cable TV	28,891	6.44	4.83	3.22	2.42	1.61
Elevator Maintenance	58,485	12.91	9.68	6.45	4.84	3.23
Trash Removal	25,236	5.57	4.18	2.79	2.09	1.39
Recycling/Compost	18,321	4.04	3.03	2.02	1.52	1.01
Hot Tub / Pool Supplies	72,000	15.89	11.92	7.95	5.96	3.97
Snow Removal	10,000	2.21	1.66	1.10	0.83	0.55
Fire Alarm Service	55,807	12.32	9.24	6.16	4.62	3.08
Technology / Internet	73,972	16.49	12.37	8.25	6.18	4.12
Unit Phones	6,500	1.43	1.08	0.72	0.54	0.36
Unit Electric	275,672	60.85	45.64	30.42	22.82	15.21
Unit Gas	310,242	68.48	51.36	34.24	25.68	17.12
Total Utilities & Technology	1,130,084	249.67	187.25	124.83	93.63	62.42
Taxes & Insurance						
Insurance	623,042	137.52	103.14	68.76	51.57	34.38
Property Tax	535,616	119.42	89.57	59.71	44.78	29.86
TOB Short Term Rental Tax	21,420	4.78	3.58	2.39	1.79	1.19
Total Taxes & Insurance	1,180,077	261.72	196.29	130.86	98.15	65.43
Reserves						
Unit Reserve Fund Assessment	1,393,270	310.65	232.99	155.33	116.49	77.66
Common Resv Fund Assessment	1,197,966	264.42	198.32	132.21	99.16	66.11
GTL Amenity Loan Interest	4,295	0.95	0.71	0.47	0.36	0.24
Total Reserves	2,595,531	576.02	432.02	288.01	216.01	144.01
Other Expenses						
Dues & Subscriptions	43,764	9.76	7.32	4.88	3.66	2.44
Dues Payment Servicing	61,952	13.81	10.36	6.91	5.18	3.45
HOA Meetings & Receptions	4,530	1.01	0.76	0.51	0.38	0.25
Professional Fees	42,577	9.49	7.12	4.75	3.56	2.37
Credit Card Fees	82,970	18.31	13.74	9.16	6.87	4.58
Keys/Printing/Postage	56,481	12.59	9.44	6.30	4.72	3.15
Bad Debt Expense	97,125	21.66	16.24	10.83	8.12	5.41
Collection Expense	102,848	22.93	17.20	11.47	8.60	5.73
Fund Deficit Reduction	(100,000)	(22.07)	(16.55)	(11.04)	(8.28)	(5.52)
Other Expenses	392,246	87.50	65.62	43.75	32.81	21.87
TOTAL EXPENSES	\$13,792,023	\$3,056.59	\$2,292.44	\$1,528.30	\$1,146.22	\$764.15
OWNER DUES/YEAR W/O CASH DISCOUNT	\$13,169,854	\$2,919.64	\$2,189.73	\$1,459.82	\$1,094.87	\$729.91
OWNER DUES/YEAR W/ CASH DISCOUNT		\$2,832.05	\$2,124.04	\$1,416.03	\$1,062.02	\$708.01

Exhibit B

Management Agreement

See attached.

MANAGEMENT AGREEMENT

This Management Agreement (the "Agreement") is entered into effective as of October 27, 2020 (the "Effective Date"), by and between Grand Timber Lodge Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), and Peak Resorts Management, LLC, d/b/a Breckenridge Grand Vacations ("Manager").

RECITALS

a. The Association is the duly constituted governing body responsible for maintenance of the Common Elements and Timeshare Program at Grand Timber Lodge (the "Project") in the Town of Breckenridge, Summit County, Colorado.

b. Pursuant to the provisions of the Condominium Declaration for Grand Timber Lodge recorded on April 21, 1999 at Reception No. S93269 in the Office of the Clerk & Recorder of Summit County, Colorado (the "Declaration") and Plan of Vacation Ownership for Grand Timber Lodge, the Association is responsible for maintenance of the Common Elements and the Timeshare Program. The Association is authorized to retain professional management and to delegate to such Manager certain of the Association's powers and responsibilities.

c. The Association and Manager are parties to that certain Management Agreement dated as of April 21, 1999, as amended (the "Original Management Agreement"), which Original Management Agreement shall terminate on the Effective Date, pursuant to the terms and provisions of this Agreement.

d. The Association desires to engage Manager to manage and operate the Project and the Timeshare Program as contemplated by the Declaration; and Manager desires to accept such engagement, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained herein, the parties agree as follows:

TERMS AND CONDITIONS

1. **Engagement of Manager.** Association hereby engages Manager as the exclusive managing agent of the Project and Timeshare Program, and Manager hereby accepts said appointment and undertakes to perform all of the services and responsibilities set forth herein in such capacity and to comply with all provisions of this Agreement. Manager's performance hereunder shall be as an independent contractor and not as an employee of the Association.

2. **Definitions.** In addition to other definitions provided for herein, the capitalized terms in this Agreement shall have the same meanings as attributed to them in the Declaration.

3. **Term.**

3.1 **Initial Term and Renewal.** Unless terminated earlier pursuant to Paragraph 3.2 below, the Initial Term and any renewal term for this Agreement shall be as follows:

a. The initial term ("Initial Term") of this Agreement shall be for a period of ten (10) years commencing as of January 1, 2021 and continuing until December 31, 2030.

b. This Agreement shall be automatically renewed for successive periods of five (5) years each, on the same terms and conditions, unless this Agreement is cancelled by either party by

giving written notice of cancellation to the other party at least one hundred eighty (180) days prior to the expiration of the then current tenant.

3.2 Termination. This Agreement may be terminated by the Association prior to the expiration of the Initial Term hereof only for Cause, as defined herein. For purposes of this Agreement, the term "Cause" means the following conduct or acts on the part of the Manager:

a. Insolvency, filing a petition in bankruptcy, or for reorganization, or for the adoption of an arrangement under the Bankruptcy Act, or an answer or other pleading admitting the material allegations of such a petition or seeking, consenting to, or acquiescing in the relief provided under such Act, making an assignment of all or a substantial part of its property for the benefit of its creditors, or being adjudicated bankrupt or insolvent;

b. Any material default in the performance of this Agreement; or

c. Mismanagement, performance of any dishonest act, performance of any material act which exceeds the authority provided in this Agreement, or failure to operate the Project within the approved budgets, as revisions to those budgets are approved and within a standard for material deviations which allows for an increase of up to 10 percent (10%) of the overall budget amount.

Prior to any such termination for Cause, the Association shall provide the Manager with notice in writing of its failure to perform hereunder, and the Manager shall have ten (10) days to cure such failure. If the Manager shall fail to cure such failure within said ten (10) days, or if such failure cannot be cured within ten (10) days, and the Manager shall fail to commence and diligently and continuously prosecute the completion of the curing of such failure, the Association may terminate this Agreement. If the Association shall default in the performance of its obligations hereunder, the Manager shall provide the Association with notice of such default, and the Association shall have ten (10) days to cure the same. If the Association shall fail to cure such default within ten (10) days, or if such default cannot be cured within ten (10) days and the Association fails to commence and diligently and continuously prosecute the curing of such default, then the Manager may terminate this Agreement. Notwithstanding any provisions of this Section 3.2 to the contrary, this Agreement shall not be terminated by the Association absent a showing of gross negligence or willful misconduct on the part of the Manager. Any violation of items (a), (b) or (c) above shall be deemed gross negligence or willful misconduct for purposes of termination for Cause.

3.3 Arbitration. In the event that either party shall dispute a termination by the other pursuant to the provisions of Subparagraph 3.2, the dispute shall be submitted to arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. The party initiating the arbitration shall remit the fee payable to the American Arbitration Association to initiate the arbitration; the cost of arbitration, including such fee, shall ultimately be borne as determined by the arbitrator under the aforesaid rules.

3.4 Actions Upon Termination. Upon any termination or expiration of this Agreement, the Manager shall promptly account for and deliver to the Association all funds arising out of or in any way connected with this Agreement and all monies received by the Manager subsequent to the termination of this Agreement and arising out of this Agreement. In addition, the Manager shall deliver to the Association, or to such other person as they shall designate in writing, a list of all materials, contracts, books, and records and any and all other documents pertaining to the Project. The Manager shall also furnish all such information, take all such action, and cooperate with the Association as the Association shall reasonably require in order to effectuate an orderly and systematic conclusion of the Manager's duties and activities hereunder.

3.5 Release. Upon the termination or expiration of this Agreement, the Association and the Manager shall be released from further performance hereunder; provided, however, that all rights and obligations of the Association and the Manager accruing to such date, including without limitation any rights to receive payments and the indemnification provisions contained herein, shall survive the termination or expiration of this Agreement.

3.6 Resignation. Manager may resign only upon compliance with the following conditions:

a. On or before the effective date of the resignation, or upon such later date that the Association may successfully obtain the services of a substitute managing agent not to exceed one hundred eighty (180) days following effective date of the resignation, Manager shall turn over all books and records relating to the management and operation of the Project to the successor managing agent or to such other person or entity as the Board may direct an otherwise comply with the requirements of Paragraph 3.4 above.

b. In the event that Manager's resignation shall be authorized as provided hereinabove, the Association shall use its best efforts to obtain the services of a responsible management company to provide the Association with services consistent with industry-recognized standards so that Manager may accomplish the resignation in a timely manner.

c. Such conditions as may be subsequently negotiated and established by and between Association and Manager pursuant to a properly executed written document intended to govern an event of resignation without cause by Manager.

4. **Duties of Association.** The Association shall furnish the Manager with copies of any and all documents connected with the Project which may assist Manager in carrying out its duties hereunder, including without limitation the Declaration, the Articles of Incorporation (if applicable) and Bylaws of the Association, any notices received by the Association, any rules and regulations promulgated by the Association, and any written instruments executed by or on behalf of the Association. The Association shall timely provide Manager with any information not known to Manager which may be relevant to Manager's performance under this Agreement. The Association shall fully cooperate with the Manager in connection with Manager's performance hereunder.

5. **Duties of Manager.**

5.1 In General. Manager shall provide or cause to be provided all services and personnel required to administer the affairs of the Association and to manage and operate the Project as contemplated by the Declaration, at all times in the manner consistent with the provisions of the Declaration and the Bylaws of the Association and subject to the terms and conditions set forth herein. Manager shall have all the powers that the Association has pursuant to the Declaration, to the extent necessary to perform its duties and obligations hereunder. Subject to the provisions of Paragraph 5.5 below, Manager may delegate its authority and responsibilities to one or more subagents for such periods and upon such terms as Manager deems proper. Subject only to the provisions of this Section 5 below, the Association agrees to reimburse the Manager for any and all costs incurred by the Manager in connection with the performance of its duties hereunder including, but not limited to, the cost of the salaries, benefits, fees, taxes and other costs incurred in connection with all persons employed at the Project, whether employees of the Manager, the Association, or any other providers of services. Such services shall include, but not be limited to, software, reservations, front desk operations, security operations, housekeeping, engineering, general resort operations, resort activities, and any other services provided by or through the Manager, including, without limitation, those services expressly set forth in this Section 5. In the event the Association fails to timely reimburse Manager

for any such costs in connection with the performance of Manager's duties, Manager may withhold any Owner/participant fees collected in connection with the provision of services or activities to Owners/participants as a setoff against any amounts due Manager until the Association properly reimburses Manager in accordance with this Agreement.

However, to the extent that any reimbursement sought by Manager is not contemplated by, or exceeds the amounts contemplated by, the approved Association annual budget pursuant to paragraph 5.3 below, such reimbursement may not exceed an amount (the "Maximum Reimbursement Amount") equal to \$20,000 in the initial calendar year of this Contract, subject to an adjustment annually as outlined below, or 10% of the applicable budget line item, whichever is greater, without the approval of the Board. Further, the aggregate amount of reimbursements sought by Manager in a given year may not exceed 10% of the approved Association annual budget pursuant to paragraph 5.3 below, without the approval of the Board. The Maximum Reimbursement Amount will be adjusted in subsequent calendar years for any cost of living increase equal to the Maximum Reimbursement Amount for the prior calendar year multiplied by the sum of one plus any percentage increase in the National Consumer Price Index published by the United States Bureau of Labor Statistics (all items) over the level of that Index in the previous calendar year.

Notwithstanding the foregoing paragraph, Manager shall not be required to obtain the prior approval of the Board with respect to, and Manager shall be entitled to reimbursement, without regard to the limitations of the Maximum Reimbursement Amount, for any costs and expenses incurred by the Manager relating to utility charges, real estate taxes, insurance, emergency situations, changes in rates or pricing under contracts for services provided by independent third parties to the Project, and any other matters that are not within Manager's reasonable control and which if not incurred, would or might, in Manager's reasonable business judgment, adversely and materially affect the operation and maintenance of the Association or the Project, or the safety and security of the Association, the Project, its inhabitants, and the property located within the Project.

5.2 Administrative Services. In addition to and not in limitation of the provisions of Paragraph 5.1 above, Manager shall provide the following services of an administrative nature:

a. Association Meetings. Manager shall provide assistance to the Board, as the Board may from time to time request or direct, with the organizing and coordinating of the meetings of the Board and of the Association, which assistance shall include the preparation and delivery of notices of meetings consistent with the requirements of the Association's Bylaws. Manager shall coordinate the preparation and approval of agendas with the Board and shall be available, as the Board may direct, to assist in the conduct of meetings and to oversee the election of Board members.

b. Association Records. Manager shall hold or cause to be held all records of the affairs of the Association, including but limited to, minutes of meetings, correspondence and amendments of Bylaws and Rules and Regulations.

c. IT/Communications. Manager shall initiate, develop, and establish effective information technology and communications systems for communication with the Board, owners, guests, committee members, and project lenders by use of websites, newsletters, meetings, electronic, telephonic or other forms of effectual communication.

d. Association Documents. Manager shall, from time to time as necessary or desirable, recommend to the Board that it amend, modify, or supplement the Rules and Regulations or other documents to comply with statutes and operational requirements.

e. Roster of Owners. Manager shall maintain a complete and accurate list of Owners (the "Roster") setting forth the name of each Owner and the mailing address of such Owner. Manager shall thereafter cause the Roster to be maintained on a current basis.

f. Exchange Services. Manager shall coordinate the administration of any third-party exchange program (the "Exchange Program") that may from time to time be available at the Project and communicate with the representative of the Exchange Program regarding the reservations processed by such Exchange Program at the Project.

g. Legal Issues. Manager will work, communicate, and assist legal counsel in any activities that affect the Association.

h. Reservations. Manager shall cause to be established and operated a reservation system implementing the reservation procedure set forth in the Rules and Regulations and shall do so in a manner that has been mutually agreed between the Association and Manager to be in the best interests of the Owners. The reservation system shall include the books and records required to reflect reservations made, Use Periods actually used, and such other information as shall be necessary to coordinate efficient Project operation.

5.3 Fiscal Services. In addition to and not in limitation of the provisions of Paragraph 5.1 above, Manager shall provide the following services of a fiscal nature:

a. Budgets. Manager shall prepare and submit to the Board for approval, not less than sixty (60) days prior to the end of the succeeding Fiscal Years, a budget and a management plan meeting the requirements of the Declaration. Each budget approved by the Board is called the "Budget." Manager shall present the Budget to the Owners at each Annual meeting and cause a copy of the Budget to be distributed to any Owner upon request and payment of a reasonable fee.

b. Reserve Program. Manager shall recommend to the Board an appropriate replacement reserve program as required by the Declaration and the Association's guidelines. The program shall include an annual capital expenditure projection for the replacement of items as well as overall upgrading of the Project and an annual review of the adequacy of the Association's capital reserve funding.

c. Special Assessments. Manager shall, promptly upon making a determination that a Special Assessment is required, submit a recommendation to the Board that a Special Assessment be considered.

d. Collection of Assessments. Manager shall cause the assessments for Common Expenses and the Common Timeshare Assessments to be timely billed and shall enforce collection thereof.

e. Bank Accounts. Manager shall establish such bank accounts as the Board may direct and shall deposit or invest funds collect from Owners and all other amounts collected by Manager in connection with the performance of its duties hereunder in interest-bearing accounts designated for such purpose. Manager shall keep accurate books and records reflecting the amount of such accounts.

f. Disbursements. Manager shall cause disbursement from the operating bank account of the Association and any and all amounts required for the payment of all Association expenses incurred consistent with the applicable Budget and as otherwise permitted by the Declaration and as may be directed by the Board.

g. **Financial Statements and Audit.** Manager shall cause an audit to be conducted as provided for in the Declaration. Manager shall cause the financial statements provided for in the Declaration to be prepared.

h. **Books and Records.** Manager shall cause to be kept and maintained full and adequate books and records reflecting the results of operation of the Project in accordance with generally accepted accounting principles. The books and accounts and other records relating to the operation of the Project shall be available to the Association and its representatives at all reasonable times for examination, inspection, and transcription, or, at the Association's expense, distribution to all members as may be directed by the Board.

i. **Expense Control.** Manager shall oversee an operating expense control system to reduce unnecessary expenses and initiate cost-cutting measures to maximize the Association's fiscal efficiency.

j. **Building Manager.** Manager shall provide the following information to the Board at regularly scheduled Board of Directors meetings:

- (i) Current reconciliation of the Association's operating accounts;
- (ii) Current reconciliation of the Association's reserve accounts;
- (iii) Latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts;
- (iv) Current year's actual reserve revenues and expenses;
- (v) Income and expense statement for the Association's operating and reserve accounts (comparative income statement);
- (vi) Balance sheet;
- (vii) Utilization report reflecting property usage by guest;
- (viii) A list of all checks, drafts, or other transfers of Association funds;
- (ix) Delinquent assessment status.

In addition to the foregoing, Manager shall also prepare and provide such other periodic reports and schedules as the Board may from time to time direct.

5.4 **Physical Services.** In addition to and not in limitation of the provisions of Paragraph 5.1 above, Manager shall provide the following services of a physical nature:

a. **Emergency Procedures.** Manager shall oversee establishment and implementation of emergency and disaster procedures to enhance Owner safety and reduce potential Association liability.

b. **Engineering/Inspections.** Manager shall provide required engineering services, including, without limitation, the performance of timely inspections of the Common Elements and Timeshare Units and render reports and make recommendations to the Board concerning the repair, restoration, and maintenance of the Common Elements and Timeshare Units.

c. **Insurance.** Manager shall obtain and keep in force all insurance required by the provisions of the Declaration. Manager shall administer all such insurance and claims under such insurance policies and bonds.

d. **Repair and Maintenance of the Project, Timeshare Units and Common Elements.** Manager shall, pursuant to and consistent with a plan established by the Board, cause the Project, Timeshare Units and the Common Elements to be repaired, maintained, repainted, furnished, and refinished in accordance with the provisions of the Declaration and in the manner consistent with the reserves established for such purpose.

e. **Front Desk/Check-In and Check-Out.** Manager shall maintain a front desk and concierge desk at the Project and cause on-site personnel to be available at all required times in order to check-in and check-out Owners, rental guests, and exchange users. Manager shall also audit or review all procedures for check-in/out to ensure accuracy, efficiency, and quality.

f. **Maid Service.** Manager shall cause maid service to be provided to the Units within the Project in the manner provided for in the Declaration and in the Rules and Regulations. Manager shall also conduct a review of procedures to see that the best possible use of personnel and materials are being made.

g. **Utility and Other Services.** Manager shall negotiate on behalf of the Association a contract for certain services including, but not limited to, trash and rubbish removal, utilities, cable or other TV services, snow removal, heating and plumbing repairs, elevator maintenance, laundry and dry cleaning, pest control, and any other services as may be necessary or desirable in connection with the Project.

h. **Equipment.** Manager shall lease and/or purchase office equipment including but not limited to calculators, telephone equipment, typewrites, computers, and any other office items, equipment, supplies, and facilities which may be necessary or desirable in connection with management of the Project.

i. **Activities.** Manager shall provide activities programs, personnel, equipment and facilities in the Project for the benefit of Owners and Guests.

j. **Security.** Manager shall provide required security services for the Project.

5.5 **Specific Authority of Manager.** Pursuant to the performance of Manager's obligations and duties under this Section 5, the Association hereby grants Manager, without limitation of any authority otherwise granted to Manager pursuant to this Agreement, the following authority:

a. **Right to Entry.** During maintenance periods and at any other reasonable time upon giving reasonable notice, to enter the Condominium Unit, whether or not in the presence of an Owner, for the purpose of (i) making emergency repairs therein; (ii) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such unit; (iii) protecting property rights and welfare of other Owners, or (iv) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of the Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use, and/or enjoyment by the Owner, rental guest, exchange user, or other occupant of such Condominium Unit and shall be preceded by reasonable notice to the Owner or occupant thereof whenever the circumstances permit.

b. **Personnel/Human Resource Services.** Manager is authorized to hire, pay, supervise, and discharge, or cause to be hired, paid, supervised, and discharged all employees and independent contractors that may be required for the proper maintenance and operation of the Project and

the Association. Such human resource services may be performed by in-house personnel rather than on a contracted basis. Compensation, payroll taxes, and employees' benefits of such employees shall be the responsibility of the Association. Manager shall also conduct on-going staff training, conduct reviews and evaluation of management level personnel, and maintain morale and consistency throughout the Project.

c. **Rental Management.** Manager may provide rental management services and any other ancillary services not required by this Agreement for individual Owners in the Project on terms that the parties to that agreement might agree. This Agreement provides no rental management services.

5.6 **Limitation on Powers of Manager.** Notwithstanding the powers of the Manager as set forth in Paragraphs 5.1 through 5.5 above, Manager shall not:

- a. Make the final determination of estimated expenses, annual budgets and assessments based thereon;
- b. Promulgate rules and regulations, unless the Board shall consent thereto in writing;
- c. Enter into any contract involving more than \$10,000 in any one fiscal year, unless specified in the Budget;
- d. Purchase, hold, sell, convey, or mortgage any interest in the Project;
- e. Bring, prosecute, and settle litigation;
- f. Enter into any contract in the name of the Association for goods or services not contemplated by the Budget or for amounts in excess of those specified in the Budget, unless the Board shall consent thereto in writing;
- g. Make a contract with a public utility company at the rates charged for the materials or services regulated by the Public Utilities Commission; provided, however, that the terms of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
- h. Prepay casualty and/or liability insurance policies not to exceed three (3) years' duration, provided that the policy permits short-rate cancellation by the insured; or
- i. Disburse Association funds in an amount in excess of Ten Thousand Dollars (\$10,000.00) without the counter signatures specified in the banking resolutions from time to time adopted by the Board.

5.7 **Limited Liability.** Manager shall not be responsible for the acts, omissions to act, or conduct of any of the Owners, exchange users, or rental guests, or for the breach of any of the obligations of any of the Owners, exchange users, or rental guests.

5.8 **Miscellaneous.** Manager is further authorized to do all things reasonably deemed necessary or desirable for the proper maintenance and operation of the Project.

6. **Compensation of Manager.**

6.1 **Management Fee.** Manager shall provide the services required of it hereunder, for which services the Association shall pay to the Manager an annual management fee equal to

not more than five percent (5.0%) of the Association annual budget during the first year of the Initial Term and shall thereafter increase by up to five percent (5.0%) of the Association annual budget at the beginning of each following annual budget year; provided, however, in no event shall the management fee exceed fifteen percent (15%) during the Initial Term or any renewal term of this Agreement. Payment of the annual management fee shall be in addition to any other reimbursable expenses paid to the Manager by the Association pursuant to the terms of this Agreement.

Notwithstanding the provisions of the foregoing, the parties understand and agree that the provisions of this paragraph which, subject to its terms, fix the fees hereunder for a specified time, are made in recognition of the fact that all of the active functions of the Association have been delegated to the Manager hereunder. However, if the Association undertakes any action or incurs any expense in addition to those actions or expenses incurred by the Manager, or as set forth in the budget prepared by the Manager, the same shall be paid by the Association.

6.2 Collection Fee. Manager shall be entitled to a Collection Fee of \$10.00 per notice, or such other amount as Manager reasonably determines, sent to a delinquent Owner that shall be paid by such Owner.

6.3 Advances and Reimbursements. Manager shall not be required to perform any act or duty hereunder involving an expenditure of money unless there shall be sufficient funds therefor in the bank accounts of the Association. If at any time the funds in the bank accounts of the Association are not sufficient to pay the charges incident to this Agreement, Manager shall, under no circumstances, be required to advance such necessary sums.

6.4 Discounts. All discounts, rebates, commissions, or like items shall inure to the benefit of the Association.

6.5 Resort Fees. Unless otherwise provided in this Agreement, the Association shall be entitled to receive any exchange fees, resort fees or other Owner/participant fees collected in connection with the provision of services or activities to Owners/participants.

7. **Indemnification.**

7.1 Manager's Indemnification. Manager shall protect, indemnify, and hold the Association harmless from and against any and all losses, costs, expenses, damages, or liabilities (including, without limitation, the cost of litigation and attorneys' fees) arising out of any gross negligence or willful misconduct of Manager or related in any way to the failure or refusal of Manager to comply timely and fully with each of its obligations, promises, and covenants set forth in this Agreement.

7.2. Association's Indemnification and Insurance. The Association shall protect, indemnify, and hold Manager harmless from and against any and all losses, costs, expenses, damages, or liabilities (including, without limitation, the cost of litigation and attorneys' fees) arising out of any litigation in which Manager is named as a party solely by virtue of Manager's position as Manager of the Project. The Association agrees to obtain and provide, at their own expense, a policy of public liability insurance with the limits of not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage, and to name Manager as an additional insured under that policy.

8. **Notices.** Any notice, request, demand, instruction, or other document to be given hereunder to any party shall be in writing and shall either be personally delivered to the person at the

appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) or delivered by mail, sent by registered or certified mail, return receipt requested, as follows:

If to the Association:
Grand Timber Lodge Owners Association, Inc.
100 S. Main Street/PO Box 6879
Breckenridge, CO 80424

If to the Manager:
c/o Breckenridge Grand Vacations
100 S. Main Street/PO Box 568
Breckenridge, CO 80424

Notices so mailed shall be deemed to have been given forty-eight (48) hours after the deposit of same in any United States Post Office box in the state to which the notice is addressed, or seventy-two (72) hours after deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. The addresses and addressees for the purpose of this Paragraph may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice is received, the last address and addressee stated by written notice, or as provided herein if no written notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

9. **Waiver.** The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of such provision or of any other provision hereof.

10. **Termination/Merger.** The Association and Manager agree that the Original Management Agreement shall be void and of no effect as of the Effective Date and this Agreement contains the entire agreement of the parties hereto and no party shall be bound by anything not expressed in writing. All understandings and agreements heretofore had between the parties respecting the services contemplated in this Agreement are merged by this Agreement which fully and completely expresses the agreement of the parties. There are no agreements except as specifically set forth in this Agreement or to be set forth in the instruments or other documents delivered or to be delivered hereunder.

11. **Amendments.** No change in or addition to, or waiver or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.

12. **Paragraph Headings.** The paragraph headings herein contained are for the purposes of identification only and shall not be considered in construing this Agreement.

13. **Successors and Assigns.** All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and each of their respective successors and assigns.

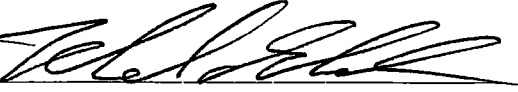
14. **Attorneys' Fees.** In the event of any controversy, claim, or dispute between the parties hereto arising out of or relating to this Agreement, or the breach thereof, resulting in arbitration or litigation, the prevailing party in such proceedings shall be entitled to recover from the losing party reasonable expenses, attorneys' fees, and costs.

15. **Severability.** Every provision of this Agreement is intended to be separate. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ASSOCIATION:

GRAND TIMBER LODGE OWNERS
ASSOCIATION, INC.
a Colorado non-profit corporation

By: 

Name: Marc S. Block

Title: President

MANAGER:

PEAK RESORTS MANAGEMENT, LLC
a Colorado limited liability company

By: 

Name: Nicholas J. Doran

Title: COO

