



THE GRAND LODGE CRESTED BUTTE
RESORT II CONDOMINIUM DECLARATION

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THE GRAND LODGE CRESTED BUTTE
RESORT II CONDOMINIUM DECLARATION

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, **CB LODGING LLC**, a Colorado limited liability company (the "Declarant"), is the owner of that certain real property situated in the County of Gunnison, State of Colorado, being more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Resort II Property"); and

WHEREAS, there presently exists on the Resort II Property a building and other improvements, which Declarant desires to submit to condominium ownership under this Declaration pursuant to the provisions of the Colorado Common Interest Ownership Act ("Common Interest Act"); and

WHEREAS, the remaining undivided fifty percent (50%) interest in the land comprising the Resort II Property, a portion of the Building located on the Resort II Property, and the property adjacent to the Resort II Property and the building and other improvements located thereon which are to be used for commercial purposes will be subjected to condominium ownership under a separate declaration (referred to herein as the "Commercial Declaration"); and

WHEREAS, Declarant desires to subject the Resort II Property and the improvements located thereon to certain covenants, conditions, restrictions, easements, reservations, rights-of-way and other charges set forth herein for the purpose of protecting the value and desirability of the Resort II Property and for the purpose of furthering a plan for the improvement, sale and condominium ownership of the Resort II Property for resort use, to the end that a harmonious and attractive development of the designated portions of the Resort II Property may be accomplished and the health, comfort, safety, convenience and general welfare of Declarant, its successors and assigns in the designated portions of the Resort II Property, or any parts thereof, may be promoted and safeguarded.

NOW, THEREFORE, Declarant submits the Resort II Property together with all improvements, appurtenances and facilities thereto and now or hereafter located thereon (other than the portions thereof that are part of the Commercial Property), to condominium ownership under the Common Interest Act, as the same may be amended from time to time, and hereby imposes upon all of the Resort II Property (other than the portions thereof that are part of the Commercial Property) the following terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations, which shall be deemed to run with the above-described portion of the Resort II Property and shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the portion of the Resort II Property subject to this Declaration, their grantees, successors, heirs, personal representatives, executors, administrators, devisees, or assigns.

ARTICLE I

DEFINITIONS

1.1 Agencies. "Agencies" shall mean and collectively refer to, the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA), the Colorado Housing and Finance Authority (CHFA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may perform in the future) functions similar to those currently performed by any of such entities.

1.2 Allocated Interests. "Allocated Interests" shall mean, with respect to each Resort II Condominium Unit, a fraction or percentage of the undivided interests in the Common Elements and in the common expenses of the Association allocated to such Resort II Condominium Unit and a portion of the votes in the Association allocated to such Resort II Condominium Unit in accordance with the percentages set forth in Exhibit B.

1.3 Association. "Association" and "Resort II Association" shall mean and refer to The Grand Lodge Crested Butte Resort II Condominium Association, a Colorado nonprofit corporation, its successors and assigns. The Association shall act by and through its Board of Directors and officers unless the Articles of Incorporation or By-Laws of the Association or this Declaration specifically require otherwise.

1.4 Commercial Association. "Commercial Association" shall mean and refer to that association of commercial condominium unit owners created pursuant to the Commercial Declaration.

1.5 Commercial Condominium Map. "Commercial Condominium Map" shall mean and refer to the condominium map of an undivided fifty percent interest in the land comprising the Resort II Property, the Commercial Land and improvements located thereon not described on the Resort II Condominium Map.

1.6 Commercial Condominium Project. "Commercial Condominium Project" shall mean and refer to the other undivided fifty percent (50%) interest in the Resort II Property, the Commercial Land and the improvements located thereon that are subjected to condominium ownership pursuant to the Commercial Declaration and the Commercial Condominium Map.

1.7 Commercial Declaration. "Commercial Declaration" shall mean and refer to The Grand Lodge Crested Butte Commercial Condominium Declaration, as amended, which encumbers the Commercial Land and an undivided fifty percent interest in the land comprising the Resort II Property and creates a commercial condominium on that portion of the Commercial Land and the Resort II Property lying within and adjacent to the portion of the Resort II Property identified as the Resort II Condominiums on the Resort II Condominium Map, including the surface parking lot, portions of the subsurface and surface of the land (including all landscaping, sidewalks, driveways, parking areas, private streets, common areas and improvements located on the surface of the land) and the portion of the existing building shown on the Commercial Condominium Map as part of the Commercial Condominium Project.

1.8 Commercial Land. "Commercial Land" shall mean the real property described in Exhibit B to the Commercial Declaration.

1.9 Common Elements. "Common Elements" shall mean the resort portion of the Resort II Building and the Resort II Property, as shown on the Resort II Condominium Map, except the Units, and shall include without limitation the following:

(a) An undivided fifty percent (50%) fee title interest in the land comprising the Resort II Property; and

(b) An undivided fifty percent (50%) interest in the structural elements of the Resort II Building that provide structural support for the portion of the Resort II Building shown as part of the Resort II Condominium Project on the Resort II Condominium Map; and

(c) The resort portion of the Resort II Building located on the Resort II Property as shown on the Resort II Condominium Map (including, but not by way of limitation, the columns, girders, beams, supports, perimeter and supporting walls, flues, hallways, elevators, stairs, stairways, mechanical rooms, maintenance/storage rooms and the mechanical installations of such portion of the Resort II Building consisting of the equipment and materials making up any services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating, which exist for common uses, including the pipes, vents, ducts, flues, chutes, conduits, wires, and other similar utility installations used in connection therewith), except for the Units; and

(d) The tanks, pumps, motors, fans, compressors, ducts and, in general, all apparatus, installations and equipment of the resort portion of the Resort II Building existing for the common use of some or all of the Owners; and

(e) Part of the Common Elements consists of easements over portions of the Resort II Property as described in Section 4.5; and

(f) In general, all other parts of the resort portion of the Resort II Building existing for the common uses of some or all of the Owners and all other parts of the Resort II Condominium Project necessary or convenient to its existence, maintenance or safety or normally in common use which are not part of the Commercial Condominium Project.

1.10 Community Association. "Community Association" shall mean and refer to the Mt. Crested Butte Town Center Community Association, a Colorado nonprofit corporation, created pursuant to and in connection with the Community Declaration.

1.11 Community Declaration. "Community Declaration" shall mean and refer to Community Declaration for Mt. Crested Butte Town Center that will be recorded after the recordation of this Declaration in the Clerk and Recorder's Office for the County of Gunnison, Colorado.

1.12 Declarant. Except as provided below, "Declarant" shall mean and refer to CB Lodging LLC, a Colorado limited liability company, its successors and assigns, if such successors and assigns are designated by the then-Declarant to serve as a Declarant for any specified purposes or for all purposes under this Declaration, in a written instrument duly executed by the then-

Declarant and the designated successor or assignee and recorded in the County of Gunnison, Colorado.

1.13 Declaration. "Declaration" shall mean and refer to this Resort II Condominium Declaration, as it may be amended or supplemented from time to time.

1.14 First Mortgage. "First Mortgage" shall mean a Security Interest on a Resort II Condominium Unit which has priority over all other Security Interests on the Resort II Condominium Unit.

1.15 First Mortgagee. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

1.16 General Common Elements. "General Common Elements" shall mean and refer to all of the Common Elements except the Limited Common Elements. The fire sprinkler lines running through the Units shall be General Common Elements and not Limited Common Elements. The General Common Elements may not be conveyed or encumbered except as permitted under the Common Interest Act; provided, however, that the granting of permits, licenses and easements for public utilities or other purposes consistent with the intended use of the Common Elements or reasonably necessary or useful for the proper maintenance or operation of the Project will not be deemed to be a conveyance.

1.17 Limited Common Elements. "Limited Common Elements" shall mean and refer to those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner or Owners of a particular Resort II Condominium Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Resort II Condominium Units. Without limiting the foregoing, the Limited Common Elements shall include the utility, heating, and domestic hot water equipment associated with or providing service to a Resort II Condominium Unit, which Limited Common Elements shall be used in connection with the applicable Unit to the exclusion of the use thereof by the other Owners, except by invitation.

1.18 Member. "Member" shall mean and refer to each Owner of a Resort II Condominium Unit; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Resort II Condominium Unit.

1.19 Owner. "Owner" shall mean and refer to any record owner (including a Declarant), whether one or more persons or entities, of a fee simple title interest to any Resort II Condominium Unit; but excluding, however, any such record owner having such an interest merely as security for the performance of an obligation (unless such person has acquired fee simple title interest therein pursuant to foreclosure or any proceedings in lieu thereof).

1.20 Project. "Project" shall mean and refer to the totality of all the Resort II Property, Resort II Building, Resort II Condominium Units, and Common Elements, including those created pursuant to the Commercial Declaration.

1.21 Resort II Building. "Resort II Building" shall mean and refer to the portion of the existing building (including all fixtures and improvements therein contained) that contains a portion of the Commercial Condominium Project and all of the Resort II Condominium Project located on

the Resort II Property, as described in the Resort II Condominium Map recorded simultaneously herewith and within which one or more Units or Common Elements are located.

1.22 Resort II Condominium Map. "Resort II Condominium Map" shall mean and refer to the condominium map of the resort portion of the Resort II Building that is subject to this Declaration and which is designated as the Condominium Map of The Grand Lodge Crested Butte Resort II Condominiums recorded or to be recorded in the records of the office of the Clerk and Recorder of the County of Gunnison, Colorado. More than one Resort II Condominium Map or supplement thereto may be recorded, and, if so, then the term "Resort II Condominium Map" shall collectively mean and refer to all of such condominium maps and supplements thereto.

1.23 Resort II Condominium Project. "Resort II Condominium Project" shall mean and refer to that portion of the Resort II Property and the improvements located thereon which are subjected to condominium ownership pursuant to this Declaration and the Resort II Condominium Map.

1.24 Resort II Condominium Unit. "Resort II Condominium Unit" shall mean and refer to a Unit, together with all fixtures and improvements therein contained and together with the undivided interest in the Common Elements appurtenant to the Unit.

1.25 Resort II Property. "Resort II Property" shall mean and refer to the undivided fifty percent (50%) interest in the land comprising the Resort II Property.

1.26 Security Interest. "Security Interest" shall mean an interest in real estate or personal property created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association and any other consensual lien or title retention contract intended as security for an obligation.

1.27 Town. "Town" shall mean the Town of Mt. Crested Butte, Colorado, acting through its duly authorized employee or body.

1.28 Unit. "Unit" shall mean and refer to the air space contained within the enclosed rooms occupying part of a floor or floors in the resort portion of the Resort II Building, and bounded by the unfinished interior surfaces of the perimeter walls (or the demising walls, if two or more Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floor in respect of the Units containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, in respect of the Units containing more than one level), and the unfinished interior surfaces of windows and window frames, doors and door frames of the Resort II Building, and which is separately identified on the Resort II Condominium Map. The term "Unit" does not include any utility facility running through the Unit that serves more than one Unit or any other Common Element or part thereof located within the Unit. In the case of walls, floors and ceilings that are designated as boundaries of a Unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallboard paint and finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors or ceilings are a part of the Common Elements.

ARTICLE II

DIVISION OF RESORT II BUILDING INTO CONDOMINIUM OWNERSHIP

2.1 Division Into Resort II Condominium Units. The Resort II Building is hereby divided into one hundred nine (109) separate Resort II Condominium Units, and may be divided into a maximum of two hundred (200) separate Resort II Condominium Units, each of which shall have an undivided interest in the Common Elements appurtenant thereto in accordance with the Allocated Interests.

2.2 Inseparability. Each Resort II Condominium Unit, appurtenances, rights and burdens connected therewith, shall be inseparable and may be transferred, conveyed, leased, devised, encumbered or otherwise disposed of only as a Resort II Condominium Unit. Every conveyance, transfer, devise, lease, encumbrance or other disposition of a Resort II Condominium Unit shall be deemed to be a conveyance, transfer, devise, lease, encumbrance or other disposition, as the case may be, of the entire Resort II Condominium Unit, together with all appurtenant rights, interests, duties and obligations created by law or by this Declaration.

2.3 Non-Partitionability. The Common Elements shall be owned in common by all of the Owners and shall remain undivided. By the acceptance of a deed or other instrument of conveyance or assignment of the Resort II Condominium Unit, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Elements. Furthermore, each Owner agrees that this Section 2.3 may be pleaded as a bar to the maintenance of such an action. Any violation of this Section shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorney's fees, costs, expenses, and all damages which the Association incurs in connection therewith.

2.4 No Combination or Division of Resort II Condominium Units. Resort II Condominium Units may not be combined or divided into two or more Resort II Condominium Units.

ARTICLE III

RESORT II CONDOMINIUM MAP

3.1 Recording. The Resort II Condominium Map (including any supplements recorded pursuant to Declarant's development rights) shall be recorded in the office of the Clerk and Recorder of the County of Gunnison, Colorado, prior to conveyance of the first Resort II Condominium Unit shown on such Resort II Condominium Map.

3.2 Content. Each Resort II Condominium Map (including any supplements recorded pursuant to Declarant's development rights) shall depict and show all items required under the Common Interest Act, including but not limited to: the legal description of the Resort II Property and a survey thereof; the location of the Resort II Building in reference to the exterior boundaries of the land and in reference to the improvements which comprise the Commercial Condominium Project; the floor and elevation plans; the location of the Units within the Resort II Building; the location of the Common Elements, both horizontally and vertically; and the Resort II Condominium Unit designations. Each Resort II Condominium Map shall contain the certificate of a registered

professional engineer, licensed architect or registered land surveyor certifying that the Resort II Condominium Map substantially depicts the location and the horizontal and vertical measurements of the items required under the Common Interest Act and an affirmation that the Resort II Condominium Map was prepared subsequent to substantial completion of the improvements shown thereon, and shall otherwise comply with the requirements of the Common Interest Act. In interpreting the Resort II Condominium Map, the existing physical boundaries of each Unit, as constructed, shall be conclusively presumed to be its boundaries.

3.3 Amendments. Declarant hereby reserves unto itself the right, from time to time, without obtaining the consent or approval of any Owner or First Mortgagee, to amend the Resort II Condominium Map in order to conform such Resort II Condominium Map to the actual location of any improvement(s) constructed, installed or erected on the Resort II Property, to establish and designate any General Common Elements as Limited Common Elements, to show any new Units or to show any withdrawal of Units or Common Elements. The rights accorded to Declarant in this Section 3.3 shall expire on the earlier of conveyance by Declarant of all Resort II Condominium Units to Owners (other than a Successor Declarant), or ten (10) years after this Declaration is recorded; provided that Declarant may terminate its rights earlier in accordance with the Common Interest Act. The Resort II Condominium Map may also be amended, from time to time, in accordance with the provisions of this Declaration or the Common Interest Act relating to amendments to the Resort II Condominium Map or the Declaration. Any amendment to the Resort II Condominium Map also shall be approved by the Town in accordance with the provisions of the Town's Municipal Code.

ARTICLE IV

OWNER'S PROPERTY RIGHTS IN COMMON ELEMENTS AND COMMERCIAL CONDOMINIUM PROJECT

4.1 Rights of Ingress and Egress. Every Owner, tenant and their respective family members, guests, invitees and licensees shall have a right and easement of enjoyment in and to the General Common Elements and those Limited Common Elements appurtenant to such Owner's Resort II Condominium Unit, plus a right and easement of support and of ingress and egress over, across and upon the portions of the Commercial Condominium Project as indicated in the Commercial Declaration and Commercial Condominium Map, for the purpose of entering and exiting such Owner's Resort II Condominium Unit, the parking areas, any recreational facilities and public ways, for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to the Owner's Resort II Condominium Unit; provided, however, that such rights and easements shall be subject to the following:

(a) The terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations, and obligations contained in this Declaration and the Resort II Condominium Map and, to the extent applicable, those which are contained in the Commercial Condominium Declaration and Commercial Condominium Map, including the Declarant's right to convert General and Limited Common Elements to Units and Units to Common Elements; and

(b) The right of the Association to suspend the voting rights and any and all rights of any Owner to the use of any recreational or other facilities, including the recreational facilities located within the Commercial Condominium Project, for any period during which any Association Assessment against such Owner or against such Owner's Resort II Condominium Unit remains

unpaid and, for any period of time (not to exceed sixty (60) days for each infraction) which the Association may deem to be appropriate, for such Owner's infraction, or the infraction by such Owner's tenant, any member of such Owner's or tenant's family or such Owner's or tenant's guests, licensees, or invitees, of this Declaration, the Articles, By-Laws or any written rule or regulation of the Association; and

(c) The right of the Association to adopt, from time to time, rules and regulations concerning the Resort II Condominium Units, Common Elements, and/or any property owned by the Association, and any facilities located thereon, as the Association may determine is necessary or prudent; and

(d) The right of the Association to grant permits, licenses and easements over the Common Elements for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Resort II Condominium Project.

4.2 Limited Common Elements. Subject to the terms and provisions of this Declaration, every Owner shall have the exclusive right to use and enjoy the Limited Common Elements appurtenant to his Resort II Condominium Unit; provided, however, no objects may be hung on walls or placed in hallways or other Common Elements.

4.3 Recreational Facilities. A swimming pool and fitness center currently exist on a portion of the Commercial Condominium Project and may be made available for use by the Owners, their tenants, the family of the Owner or tenants, and the guests and invitees of the Owners and their tenants, by the Commercial Condominium Unit owner, upon compliance with such regulations as may be set by the Commercial Condominium Unit owner. Notwithstanding the foregoing, the Commercial Condominium Unit owner may charge fees for use of these facilities by persons who are not members of the Commercial Association or the Association. The Declarant under the Commercial Declaration reserves the right to modify, change, or change the use of such fitness and/or swimming pool from time to time. No recreational facilities are planned to be included in the Resort II Condominium Project.

4.4 Parking Areas. The Resort II Condominium Project does not include any parking spaces or areas. The Declarant has been granted the right under the Commercial Condominium Declaration to permit the Owners, their tenants, and the families, guests, or invitees of the Owners and their tenants, to use parking spaces within the Commercial Condominium Project temporarily on a non-exclusive basis, as the declarant under the Commercial Condominium Declaration may determine to be appropriate and subject to such restrictions as such declarant and the Declarant hereunder may determine. Such temporary license to use parking spaces within the Commercial Condominium Project may be terminated by the declarant under the Commercial Condominium Declaration with thirty (30) days prior notice to all Owners of Resort II Condominium Units, provided that alternative parking is made available to all of the Resort II Condominium Units in accordance with applicable Town requirements or as agreed to by the Town. To the extent not in conflict with the ordinances of the Town of Mt. Crested Butte which are applicable to the Project, the declarant under the Commercial Condominium Declaration reserves the right to assign or restrict the use of such parking spaces to specified groups of Owners, their tenants and the families, guests, or invitees of the Owners and their tenants, as the Declarant may determine to be appropriate, provided that alternative parking is made available to all of the Resort II Condominium Units in accordance with applicable Town requirements or as agreed to by the Town. The temporary license to use the parking area shall be deemed to be transferred to the new Owner of the

Unit, subject to termination by the declarant under the Commercial Condominium Declaration as provided above, provided that alternative parking is made available to all of the Resort II Condominium Units in accordance with applicable Town requirements or as agreed to by the Town.. The declarant under the Commercial Condominium Declaration also has reserved the right to install devices and signage to restrict and control access to the parking area and otherwise to regulate the use of the parking area to ensure compliance with the requirements of the Town of Mt. Crested Butte.

Declarant's rights to grant a temporary license to use parking spaces and to restrict the use of parking spaces under the provisions of this Section shall be subject to the requirements of the Town of Mt. Crested Butte and shall terminate upon the conveyance by a Declarant of all Resort II Condominium Units to Owners (other than a Successor Declarant) or ten (10) years from the date this Declaration is recorded in the County of Gunnison, Colorado, whichever occurs first. Upon termination of Declarant's rights under this Section, such rights shall be vested in the declarant under the Commercial Declaration and shall be subject to the requirements of the Town of Mt. Crested Butte.

No vehicles may be parked on the Project except in the appropriate areas that are designated for vehicular parking. Unless the Commercial Association and the Association specifically authorizes storage by an Owner, there shall be no storage or parking of snowmobiles, trailers, recreational vehicles, motorcycles, bicycles, motorbikes, or vehicles deemed to be too large for the parking space by the Commercial Association and the Association upon any part of the parking area within the Commercial Condominium Project or other Common Elements.

Notwithstanding the foregoing, the declarant under the Commercial Condominium Declaration has reserved the right to withdraw from the Commercial Condominium Project or convert to other uses the portion of the Commercial Condominium Project on which are located parking areas, drives and landscaped areas, in which event the temporary license to park within such parking areas shall terminate, provided that alternative parking is made available to all of the Resort II Condominium Units in accordance with applicable Town requirements or as agreed to by the Town (provided, however, that the declarant under the Commercial Condominium Declaration shall grant access and utility easements as necessary to serve the Commercial Condominium Project and the Resort II Condominium Project).

4.5 Commercial Condominium Project. The land comprising the Resort II Property, a portion of the Resort II Building, the Commercial Land, and other improvements constructed on the Resort II Property and the Commercial Land have been or will be divided into a Commercial Condominium Project pursuant to the Commercial Condominium Declaration and the Resort II Condominium Project created pursuant to this Declaration. The Resort II Condominium Project includes an undivided fifty percent (50%) fee title interest in the land which comprises the Resort II Property, the portion of the Resort II Building which is not part of the Commercial Condominium Project and an undivided fifty percent (50%) interest in the structural elements of the Resort II Building which are located within the Commercial Condominium Project. All other surface Improvements are part of the Commercial Condominium Project. The Owners of the Commercial Condominium Project, the Commercial Association and the declarant under the Commercial Declaration shall have the exclusive right to install, place, construct, repair, maintain, replace and remove any improvements on the surface of the Resort II Property and the Commercial Condominium Project without the necessity of first obtaining the consent of the Association, Owners or Declarant under this Declaration.

The Owners of Resort II Condominium Units created pursuant to this Declaration shall have the following perpetual, non-exclusive easements and other rights in and to the Commercial Condominium Project, subject to the rights of the Declarant and Commercial Association to relocate and redevelop such portions of the Commercial Condominium Project: an easement within the air space above the Commercial Property and upon the upper bearing floor of the Commercial Condominium Project for the placement, maintenance, repair, replacement, reconstruction, and use of the Resort II Condominium Units and the Common Elements; an easement for ingress and egress across those general common elements within the Commercial Condominium Project identified as public walkways, corridors, elevators, lobbies and stairways and/or identified as corridors, walkways, elevators, lobbies, or hallways for use by the Owners, as such general common elements within the Commercial Condominium Project may be modified from time to time pursuant to the Commercial Declaration; a right of access across and upon elevators, stairways, entrances, driveways, walkways, drives, and other paved and unpaved areas upon the surface of the Commercial Condominium Project for ingress and egress to and from the Resort II Condominium Project; an easement across and through utility lines and equipment which run through or are part of the Commercial Condominium Project and which provide utility service to the Resort II Condominium Units, including, but not limited to, water, sewer, electrical, gas, cable television, and similar utility services.

Owners of Commercial Condominium Units within the Commercial Condominium Project and the Commercial Association are hereby granted a perpetual, non-exclusive easement across and through utility lines and equipment which are located within the General Common Elements, including, but not limited to, water, sewer, electrical, gas, cable television, telecommunications, and similar utility services, for use in connection with the Commercial Condominium Project; an easement within the air space above the Resort II Property and upon the portion of the Resort II Property which is part of the Resort II Condominium Project for the placement, maintenance, repair, replacement, reconstruction, and use of the Commercial Resort II Condominium Units and the Commercial Common Elements; an easement for pedestrian access to and from the Commercial Condominium Project over, upon, and across the portion of the Resort II Property and the General Common Elements which are part of the Resort II Condominium Project; and an easement across and through the Resort II Condominium Project for the purpose of repair, maintenance, removal, replacement, addition to, and reconstruction of any part of the Commercial Condominium Project as part of any expansion or renovation of the Commercial Condominium Project and in the event of damage, destruction, condemnation, obsolescence, or ordinary wear and tear of the Commercial Condominium Project. The Declarant, the Commercial Association and the Owners of Commercial Condominium Units within the Commercial Condominium Project have the right to place equipment on the roof of the Resort II Building, which roof is part of the Commercial Condominium Project, with the prior approval of the Commercial Association and such right, when granted by the Commercial Association, shall be transferred with the transfer of a Commercial Condominium Unit. Owners of Resort II Condominium Units created pursuant to this Declaration shall not have the right to place antennae or any other equipment or facilities on the exterior of the Resort II Building, including the roof.

4.6 Cost-Sharing. The Resort II Association shall pay a proportionate share of the Commercial Condominium Association's share of the shared costs, including replacement reserves, as set forth in Exhibit C to this Resort Declaration, or, for items not included on Exhibit C, as such share is determined from time to time by the Commercial Association. The Resort II Association shall include its share of such costs in the Monthly Assessments (as hereafter defined) levied under

this Declaration. The Resort II Association shall include in its replacement reserves its share of the replacement reserves as provided above. The Commercial Association shall pay a proportionate share of the costs of those parts of the Resort II Condominium Project useable by the Owners of Commercial Condominium Units created as part of the Commercial Condominium Project, including replacement reserves, as set forth in Exhibit C to this Declaration, or, for items not included on Exhibit C, as reasonably determined by the Commercial Association.

The Commercial Association is required to pay certain percentages of costs that are shared with the Resort Association created pursuant to Exhibit C of the Grand Lodge Crested Butte Condominium Declaration.

4.7 Community Association Assessments. The Resort II Association is not currently a member of the Community Association and the Resort II Condominium Units are not currently subject to the Community Declaration. The Community Association and the Community Declaration have been established by Mt. CB Real Estate, LLC (the "Community Association Declarant") for the purpose of enhancing and developing the properties around the Grand Lodge, including the Project, which will benefit the Project, the Resort II Association and Resort II Condominium Units. Declarant hereby reserves the right to annex the Project into the Community Declaration and/or amend this Declaration to include among the Assessment obligations of the Owners various assessments that are payable to the Community Association under the Community Declaration, without the necessity of first obtaining the consent of any of the Owners or Mortgagees. Declarant may exercise such powers by executing and recording an amendment to this Declaration in the real property records of Gunnison County, Colorado, that either annexes the Project to the Community Declaration or describes the assessments payable under the Community Declaration that will thereafter be additional Assessments payable under this Declaration. Such additional Assessments shall be payable either directly to the Community Association or to the Resort II Association or Commercial Association for further payment to the Community Association, as set forth in the amendment to this Declaration. This reserved right shall terminate upon the conveyance of all Resort II Condominium Units by Declarant.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

5.1 Membership. Every Owner of a Resort II Condominium Unit shall be a Member of the Association and shall remain a Member for the period of his ownership of a Resort II Condominium Unit. Each Resort II Condominium Unit shall be entitled to one vote to be exercised by the Owner or Owners thereof.

5.2 Board of Directors. The affairs of the Association shall be managed by a Board of Directors which shall consist of the number of members which is set forth in the Association's Articles of Incorporation, as amended ("Articles"), or By-Laws, as amended from time to time ("By-Laws"). From the date of formation of the Association until the termination of Declarant's control as provided below, Declarant shall have the right to appoint and remove all members of the Board of Directors and all officers of the Association. The period of Declarant's control of the Association shall terminate upon the first to occur of: (i) sixty (60) days after conveyance of seventy-five percent (75%) of the total number of Resort II Condominium Units that may be included in the Resort II Condominium Project to Owners other than a Declarant; (ii) two (2) years

after the last conveyance of a Resort II Condominium Unit by a Declarant in the ordinary course of business; (iii) two (2) years after Declarant's right to add Resort II Condominium Units to the Resort II Condominium Project was last exercised; or (iv) five (5) years after the first conveyance of a Resort II Condominium Unit to an Owner other than a Declarant. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the period of Declarant's control, but, in that event, Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Resort II Condominium Units to Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors will be elected by Owners other than a Declarant. Not later than sixty (60) days after the conveyance of fifty percent (50%) of the total number of Resort II Condominium Units to Owners other than a Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board of Directors will be elected by Owners other than a Declarant. Not later than the termination of the period of Declarant's control as provided above, the Owners (including Declarant) shall elect the Board of Directors of at least three (3) members, at least a majority of whom must be Owners other than a Declarant or designated representatives of Owners other than a Declarant and the Board of Directors shall elect the officers, with such Board members and officers to take office upon termination of the period of Declarant's control.

ARTICLE VI

THE ASSOCIATION

6.1 Management and Maintenance Duties. Subject to the rights of Owners as set forth in this Declaration, the Association shall:

(a) Be responsible for the management, control, maintenance, repair, replacement, and improvement of the Common Elements and any property owned by the Association, including facilities, furnishings, and equipment related thereto, and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair; provided, however, that each Owner shall be responsible for maintenance, repair, and replacement of all fixtures, equipment, and utilities installed or located within such Owner's Resort II Condominium Unit (except the fire sprinkler line that shall be maintained by the Commercial Association), and all other equipment providing exclusive service thereto or therefor and any service lines from such equipment to the Resort II Condominium Unit, including without limitation all utility, heating, plumbing, and domestic hot water equipment and appurtenances, but only to the extent such fixtures, equipment, and utilities are owned by said Owner or are Limited Common Elements appurtenant to such Owner's Unit.

(b) Pay to the Commercial Association the share of the costs of portions of the Commercial Condominium Project as provided in Section 4.6 above, including water and sewer charges and common element charges required under the rules and regulations of the Crested Butte Water and Sanitation District, if applicable.

(c) Perform and/or pay the costs of any exterior maintenance, repair, replacement, and modification to the Resort II Building required by the Commercial Association or the Community Association in connection with maintenance, repair, replacement, or modification to the exterior of the Commercial Condominium Project or landscaping, parking areas, drives and private

roads, walkways, planters, and other site improvements thereon or upon a determination by the Commercial Association or the Community Association that the exterior of the Resort II Condominium Project has fallen into a state of disrepair or poor maintenance.

The expenses, costs, and fees of such management, operation, maintenance, repair, replacement, and improvement by the Association, as provided in this Section 6.1, shall be part of the Monthly Assessment (as defined below) levied by the Association; provided that the Association may levy the costs and expenses associated with any of the following as an Individual Purpose Assessment against the Owner of the Unit involved: expenses of maintaining, repairing, and replacing all fixtures, equipment, appliances, and utilities which are Common Elements but provide exclusive service to such Owner's Unit and any service lines from such equipment to the Unit, including without limitation all utility, heating, plumbing, air conditioning, and domestic hot water equipment and appurtenances. Except for the Owners' right to veto a budget as described in Section 7.3, the prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs, and fees.

6.2 Owner's Negligence or Failure to Maintain; Prohibition of Certain Activities.

(a) Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair, or replacement of the Common Elements, or any portion thereof, is caused through or by the negligent or willful act or omission of an Owner, an Owner's tenant or by any member of an Owner's or tenant's family or by an Owner's or tenant's guests, invitees, licensees, or concessionaires, then the expenses, costs, and fees incurred by the Association for such maintenance, repair, or replacement shall be the personal obligation of such Owner; and, if not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total amount of such expenses, costs, and fees, or any portions thereof, from time to time, then the failure to so repay shall automatically become a Default Assessment determined and levied against such Resort II Condominium Unit.

(b) In the event an Owner fails to perform any cleaning, maintenance, repair, or replacement which is his responsibility under this Declaration, and such failure has not been cured within thirty (30) days after written notice has been given to such Owner by the Association, the Association may perform the cleaning, maintenance, repair, or replacement, and all charges incurred by the Association in connection therewith, together with an administrative fee in the amount of twenty-five percent (25%) of such cost shall be the personal obligation of the Owner and may be levied as a Default Assessment against such Owner and his Unit. The Association and its officers, contractors, and representatives shall have an easement for access to each Unit and the Common Elements for the purpose of exercising its rights under this Paragraph 6.2(b).

(c) Nothing shall be done or kept in any Resort II Condominium Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body having jurisdiction over the same. No damage to, or waste of, the Common Elements, or any part thereof, shall be committed by any Owner or Owner's tenant, or by any member of an Owner's or tenant's family, or by a guest, invitee, licensee, or concessionaire or contract purchaser of any Owner or Owner's tenant. Each Owner shall indemnify and hold the Association and the other Owners harmless from and against all loss and damage resulting from any action or activity committed by him, his tenant, or the members of his or his tenant's family, his or his tenant's guests, invitees, licensees, or contract purchasers, which is in violation of this Paragraph 6.2(c). At its own initiative

or upon the written request of any Owner (and if the Association determines that further action by it is proper), then the amounts to be indemnified shall be and constitute a Default Assessment determined and levied against the Owner's Resort II Condominium Unit.

6.3 Management Agreements and Other Contracts. The Association may have professional management of its business affairs. Any agreement for professional management of the Association's business or any other contract providing for services of a Declarant shall have a maximum term of three (3) years, and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not less than ninety (90) days' prior written notice. Any management agreement entered into by the Association and/or the Owners of the Condominium Units shall include the following: (a) the management company shall provide in room phone, internet, cable television, and movies on demand for guests staying in a Resort II Condominium Unit, (b) the management company shall offer vacation packages the include skiing and/or golf with a Resort II Condominium Unit, either directly or through wholesalers that offer such packages, and (c) the management company shall provide daily maid service for the Resort II Condominium Units and the Common Elements when the Project is open for business.

6.4 Acquiring and Disposing of Real and Personal Property. The Association may acquire, own and hold for the use and benefit of all Owners, tangible and intangible personal property and real property for such uses and purposes as the Board of Directors of the Association may in its discretion deem appropriate from time to time, and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be deemed to be owned by the Owners in the same undivided proportion as their respective undivided interests in the Common Elements. Such beneficial interest of an Owner shall not be transferable except with the transfer of that Owner's Resort II Condominium Unit. Transfer of a Resort II Condominium Unit, including transfer pursuant to foreclosure, shall transfer to the transferee ownership of the transferor's beneficial interest in such personal and/or real property without any reference thereto. Each Owner may use such personal and/or real property in accordance with the purposes for which such property is intended and in accordance with such conditions, limitations, restrictions, and rules and regulations as may be placed on any such property by the Board of Directors of the Association in its sole discretion from time to time, provided that such use of any Owner shall not hinder or encroach upon the lawful rights of other Owners.

6.5 Promulgation of Rules and Regulations. The Board of Directors of the Association may promulgate and enforce, including, without limitation, enforcement by levying and collecting charges and fines for the violation thereof, reasonable rules and regulations governing the use of the Resort II Condominium Units, Common Elements and any property owned by the Association or the Owners in Common, which rules and regulations shall be consistent with the rights and duties established in this Declaration.

6.6 New Additions to Common Elements. The Association shall have the right to construct new additions to the Common Elements, provided that no exterior additions to or modifications of the Resort II Building may be made without the consent of the Commercial Association. Ownership of any such additions to the Common Elements shall be apportioned among all Resort II Condominium Units in proportion to the respective undivided interest in the Common Elements appurtenant thereto and shall be governed by this Declaration. The common expenses for any such additions to the Common Elements shall be apportioned among all Resort II Condominium Units as provided in Article VII hereof.

6.7 Assignment of Right to Future Income. The Association shall have the right to assign its future income, including the right to receive assessments for Common Expenses, in accordance with the following procedures. After approval by the Board and its recommendation that the proposed assignment of future income is in the best interest of the Association and is consistent with the sound future management of the Resort II Condominium Project, together with an explanation, in such detail as the Board may deem appropriate, of the justification for such assignment of future income, the terms and conditions of the proposed assignment of future income must be approved by Owners holding at sixty percent (60%) of the votes of the Association.

6.8 Conveyance or Encumbrance of Common Elements. The Association may convey or grant a security interest in portions of the Common Elements only in accordance with the provisions of Section 38-33.3-312 of the Common Interest Act.

6.9 Contracts, Licenses and Agreements. The Association, through its Board, shall have the right to enter into, make, perform, or enforce contracts, leases, licenses, agreements, easements, and/or rights-of-way, for the use by Owners, other persons, their family members, guests, and invitees, of real property for pedestrian and vehicular access, ingress and egress to and from the Resort II Condominium Project, or any portion thereof, for vehicular parking, for on-site management, or for recreational use, all of which shall be terminable by either party with or without cause upon ninety (90) days' prior written notice; and contracts, licenses, leases, or other agreements for the provision of cable or satellite television service to the Resort II Condominium Project, or any portion thereof, so long as the foregoing do not exceed one (1) year in duration from the commencement of such satellite or cable service. Any of such contracts, leases, licenses, agreements, rights-of-way, or easements shall be upon such terms and conditions as agreed to by the Board of the Association, which may include provisions by which the Association covenants and agrees that it shall pay part or all of the costs and expenses of maintaining such real property, and the improvements thereto and thereon, providing such cable or satellite television service, or other amounts which the Board determines are necessary to secure such contracts, licenses and agreements, and any such costs and expenses shall be by the Association as Monthly Assessments.

6.10 Attorney-in-Fact. The Association is hereby irrevocably appointed attorney-in-fact for the Owners of all Units to manage, control, and deal with the interest of such Owner in the Common Elements so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder and to exercise all of its rights hereunder, to deal with the Resort II Building or obsolescence as herein provided, and to deal with and handle insurance and insurance proceeds and condemnation and condemnation awards as herein provided. The Association shall, without limiting the foregoing, by attorney-in-fact for all Owners for purposes of executing, delivering and recording such instruments as are necessary to vest or to confirm in each Owner the undivided interest in the Common Elements to which each Owner is entitled under this Declaration and for any other purpose provided herein. The acceptance by any person or entity of any interest in any Unit shall constitute an appointment by the Association as an attorney-in-fact as provided above and herein.

6.11 Delivery of Documents by Declarant. Within sixty (60) days after the Owners of Resort II Condominium Units other than Declarant elect a majority of the Board as provided in Section 5.2, Declarant shall deliver to the Association all property of the Owners and the Association held or controlled by Declarant, including without limitation those items specified in Section 38-33.3-303(9) of the Common Interest Act and the following items:

(a) The original or a certified copy of the recorded Declaration, as amended, the Association's Articles of Incorporation, Bylaws, minute books, other books and records and any rules and regulations which may have been promulgated;

(b) An accounting for Association funds and financial statements from the date the Association received funds and ending on the termination of the period of Declarant's control in accordance with Section 38-33.3-303(9)(b) of the Act;

(c) The Association funds or control thereof;

(d) All of the Declarant's tangible personal property that has been represented by the Declarant to be the property of the Association and all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Elements and inventories of these properties;

(e) A copy, for the nonexclusive use by the Association, of any plans and specifications used in the construction of the improvements in the Resort II Condominium Project;

(f) All insurance policies then in force, in which the Owners, the Association or its directors and officers are named as insured persons;

(g) Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Resort II Condominium Project;

(h) Any other permits issued by governmental bodies applicable to the Resort II Condominium Project and which are currently in force or which were issued within one year prior to the termination of the period of Declarant's control;

(i) Written warranties of the contractor, subcontractors, suppliers, and manufacturers that are still effective;

(j) A roster of unit owners and mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records;

(k) Employment contracts in which the Association is a contracting party; and

(l) Any service contract in which Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services.

ARTICLE VII

ASSESSMENTS

7.1 Personal Obligation for Assessments. All Owners covenant and agree, and shall be personally obligated, to pay to the Association all of the following assessments (collectively the "Assessments") which are defined and described in this Article: (a) Monthly Assessments imposed by the Association to meet the common expense and reserve requirements of the Association; (b) Special Assessments, pursuant to Section 7.7 of this Declaration; (c) Individual Purpose Assessments, pursuant to Section 7.8 of this Declaration; and (d) other charges, costs, interest, fees, and assessments, including without limitation assessments ("Default Assessments") relating to defaults, acts, errors, or omissions of an Owner, or his family, tenants, guests, or invitees, as provided in this Declaration. All Owners of each Resort II Condominium Unit shall be jointly and severally liable to the Association for the payment of all Assessments, charges, costs, interest, and fees attributable to their Unit. The payment of any and all Assessments is an independent covenant, with all Assessments payable in full, when due, without notice (except as otherwise expressly provided in this Declaration) or demand, and without set-off or deduction. No Owner may waive or otherwise escape personal liability for the payment of the Assessments, charges, and fees provided for herein by non-use of the Common Elements or the facilities contained therein or by abandonment or leasing of his Unit. In addition to the foregoing Assessments, charges, and fees, each Owner shall have the obligation to pay real property ad valorem taxes and special assessments imposed by Colorado governmental subdivisions against his Resort II Condominium Unit, as well as all charges for separately metered utilities servicing his Resort II Condominium Unit. The charges for utilities which are not separately metered to an individual Resort II Condominium Unit by the applicable utility company may be collected by the Association as part of the Monthly Assessments; however, the charges for such utilities shall be allocated among the Resort II Condominium Units based on actual usage, if such is measured. Each Owner also shall pay a proportionate share of any taxes or assessments imposed on the Resort II Condominium Project by the Town of Mt. Crested Butte, based upon their Allocated Interests, if not assessed directly to the Resort II Condominium Units.

7.2 Allocation of Expense. All Assessments (other than Individual Purpose Assessments and Default Assessments) will be allocated among the Resort II Condominium Units in accordance with their percentage interests in the Common Elements at the time the Assessment is made. The allocation of Assessments among the Resort II Condominium Units and the percentage interests in the Common Elements is computed by dividing 100% by the Allocated Interests of the Units in the Resort II Condominium Project at the time an Assessment is made, treating any combined Resort II Condominium Unit as two Resort II Condominium Units.

7.3 Monthly Assessments; Budgets.

(a) Until the Association makes an Assessment, Declarant shall pay all common expenses. After any Assessment has been made by the Association, a monthly assessment ("Monthly Assessment") shall be payable monthly with the amount of the Monthly Assessment to be determined by the Board of Directors from time to time (but no less frequently than annually) based on a budget adopted from time to time by the Association (but no less frequently than annually). The Board of Directors of the Association shall prepare each proposed budget assuming the Association's books and records are maintained on an accrual basis, to provide for the payment of all estimated expenses, costs, and fees for the duties described in Section 6.1 of this Declaration

and for other costs, fees, and expenses, related to or connected with the administration, maintenance, ownership, repair, operation, addition, alteration, and improvement of the Resort II Condominium Project, the Common Elements real or personal property owned by the Association, the Association's share of costs of the Commercial Condominium Project and any other obligations which may be undertaken by the Association. The amount of said advance budget may include, but shall not be limited to: expenses of management; premiums for insurance; common lighting and heating; maintenance, repair, replacement, and renovation of the Common Elements; wages; charges for utilities; taxes; legal and accounting fees; management fees; costs, expenses, and liabilities incurred by the Association's Board of Directors on behalf of the Owners or otherwise arising under or by reason of this Declaration, the Articles or By-Laws of the Association; the creation of reasonable reserves, working capital, and/or sinking funds; reimbursement for or payment of any operating deficit, loss, or unbudgeted expense incurred by the Association; and any and all other costs and expenses relating to the Common Elements, real or personal property owned by the Association, and/or any other obligations undertaken by the Association.

(b) Within ninety (90) days after adoption of any proposed budget, the Board of Directors shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of Owners to consider the budget within a reasonable time after mailing or other delivery of the summary, pursuant to notice and within the time periods set forth in the By-Laws. Unless, at that meeting, at least seventy-five percent (75%) of all Owners veto the budget, the budget is deemed approved by the Owners, whether or not a quorum is present. In the event the proposed budget is vetoed, the periodic budget last ratified by the Owners must be continued until a subsequent budget proposed by the Board of Directors is not vetoed by at least seventy-five percent (75%) of the Owners.

7.4 Reserves; Capital Improvement Fund. The Association shall establish an adequate reserve and capital improvement fund for the maintenance, repair, and replacement of those Common Elements that must be periodically maintained, repaired or replaced, for payment of insurance deductibles, for maintenance, repair and replacement of furnishings and finishes within each Resort II Condominium Unit, and for the Association's share of replacement reserves for the Commercial Condominium Project. Such reserves shall be included in the budget and funded through the Monthly Assessments. The Board of Directors of the Association shall adopt a capital improvement plan for the periodic replacement and refurbishment of interior and exterior Common Elements and furnishings and finishes within each Resort II Condominium Unit. The capital improvement fund shall be funded in accordance with the capital improvement plan and shall be available to pay for periodic replacement of exterior and interior Common Elements and furnishings and finishes within each Resort II Condominium Unit in accordance with the plan.

7.5 Date of Payment of Monthly Assessments. The Monthly Assessments shall be due and payable on the first day of each month, in advance, or on such other dates, and with such frequency (but no less frequently than annually), as may be set by the Board of Directors of the Association from time to time. Any person purchasing a Unit between Monthly Assessment due dates shall pay a pro rata share of the last Assessment due.

7.6 Rate of Assessment. Both Monthly and Special Assessments shall be fixed at such rates as will be sufficient to meet the advance budget of the Association, as provided in Sections 7.3 and 7.7 hereof.

7.7 Special Assessments. In addition to the Monthly Assessments authorized above, the Board of Directors of the Association may at any time, from time to time, determine, levy, and assess a special assessment ("Special Assessment") for the purpose of defraying, in whole or in part, payments for any operating deficit, loss or unbudgeted expense, and/or unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, demolition, replacement, management, administration, or maintenance of the Common Elements including without limitation any fixtures and personal property related thereto. Special Assessments shall be based on a budget adopted in accordance with Section 7.3; provided that if necessary, the Association may adopt a new budget pursuant to Section 7.3 prior to levying a Special Assessment. Such Special Assessment(s) shall be due and payable as determined by the Association's Board of Directors.

7.8 Individual Purpose Assessments.

(a) In addition to the Monthly and Special Assessments as hereinabove provided, the Board of Directors of the Association may at any time, or from time to time, levy and collect Assessments against any one or more, but fewer than all, of the Resort II Condominium Units, for any matters applicable only to such Resort II Condominium Units. Such Individual Purpose Assessments may be levied against Resort II Condominium Units to pay or reimburse the Association for any costs, expenses, fees, reserves, and other charges, incurred or reasonably anticipated to be incurred by the Association, for management, control, administration, maintenance, repair, replacement, and improvement, or any other purpose, of or with respect to any matter pertaining to the Resort II Condominium Unit(s) against which such Individual Purpose Assessment is levied.

(b) The amounts determined, levied and assessed pursuant to this Section 7.8 shall be due and payable as determined by the Board of Directors of the Association provided that written notice setting forth the amount of such Individual Purpose Assessment for each Resort II Condominium Unit and the due date(s) for payment thereof shall be given to the Owners of the affected Resort II Condominium Units not less than thirty (30) days prior to the due date.

7.9 Lien for Assessments.

(a) Under the Common Interest Act, the Association has a statutory lien on a Resort II Condominium Unit for any Assessments levied against that Resort II Condominium Unit and for fines imposed against its Owner from the time each Assessment or fine becomes due. In addition, fees, charges, late charges, attorneys' fees, fines, and interest charged pursuant to this Declaration or the Common Interest Act are enforceable as Assessments. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due.

(b) The statutory lien for Assessments is prior to all other liens and encumbrances on a Resort II Condominium Unit except: (i) liens and encumbrances recorded before the recordation of this Declaration; (ii) a lien of a First Mortgage which was recorded before the date on which the Assessment sought to be enforced became delinquent; and (iii) liens for real estate taxes and other governmental assessments or charges against the Resort II Condominium Unit.

(c) Notwithstanding the foregoing, the statutory lien for Assessments is also prior to the lien of a First Mortgage to the extent of (i) an amount equal to the Assessments based on a periodic budget adopted by the Association pursuant to Section 7.3 which would have become due,

in the absence of any acceleration, during the six (6) months immediately preceding institution of an action to enforce the statutory lien, but in no event shall the priority accorded under this subsection to such statutory lien exceed 100% of the average Monthly Assessment and Special Assessment (calculated on a per month basis) during the immediately preceding fiscal year multiplied by six; and (ii) attorneys' fees and costs being incurred in an action to enforce the statutory lien.

(d) The recording of this Declaration constitutes record notice and perfection of the statutory lien. No further recordation of any claim of lien or Assessment is required; however, a claim may be recorded at the Association's option, in which event costs and attorneys' fees incurred in connection with the preparation and filing of such claim shall be assessed against the Owner and his Resort II Condominium Unit as a Default Assessment.

7.10 Effect of Non-Payment of Assessments. Any Assessments, charges, costs, or fees provided for in this Declaration, including, without limitation, any Default Assessment arising under any provision of this Declaration, which are not fully paid within ten (10) days after the due date thereof, will bear interest from the due date at the rate of twenty-one percent (21%) per annum, or at such other rate as may be set by the Association from time to time (subject to any limits imposed by law), and the Association may assess a monthly late charge thereon in addition to such interest. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue Assessments, charges, costs, or fees, and may also proceed to foreclose its lien against such Owner's Unit in the manner of a mortgage upon such property. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments, charges, costs, or fees, may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien therefor. In the event that any such Assessment, charge, cost, or fee, is not fully paid when due and the Association shall commence such an action (or shall counterclaim or cross claim for such relief in any action) against an Owner personally obligated to pay the same, or shall proceed to foreclose its lien against the particular Unit, then all unpaid Assessments, charges, and fees, any and all late charges and accrued interest under this Section 7.10, the Association's costs, expenses, and reasonable attorneys' fees incurred in collection efforts, and the Association's costs of suit, expenses, and reasonable attorneys' and other professional fees incurred for any such action and/or foreclosure proceedings, and any other costs which may be authorized by a court of competent jurisdiction shall be taxed by the court as a part of the costs of any such action or foreclosure proceeding and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Unit. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent Assessments, charges, costs, or fees, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey, or otherwise deal with the same. In any action brought by the Association (or counterclaim or cross claim brought by the Association) to collect Assessments or to foreclose a lien for unpaid Assessments, the Association shall be entitled to have a receiver of the Owner and the Owner's Unit to collect all sums alleged to be due from the Owner prior to or during the pendency of the action. The receiver shall have the right to collect any rents paid in connection with the use of such Owner's Unit. The Court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Assessments.



7.11 Successor's Liability for Assessments. Notwithstanding any terms and provisions of this Declaration to the contrary, the sale or transfer of any Resort II Condominium Unit shall not affect the lien for Assessments, charges, costs, or fees levied hereunder, except that sale or transfer of a Resort II Condominium Unit pursuant to foreclosure of a First Mortgage or any proceeding in lieu thereof, shall extinguish the lien of Association Assessments, but not the personal obligation of the Owner for the payment of Assessments, which became due after the recording of the First Mortgage and prior to any such sale or transfer or foreclosure, except to the extent the lien of the Association has priority over the First Mortgage under Section 7.9; provided, however, that any such Assessments, charges, costs, or fees which are extinguished as provided herein may be reallocated and assessed to all Units. No sale, transfer, foreclosure or any proceeding in lieu thereof, shall relieve any Owner from liability for any Assessments, charges, costs, or fees, or any portion thereof. No Owner shall have personal liability for Assessments assessed with respect to a Resort II Condominium Unit that become due prior to the time he acquired title to such Resort II Condominium Unit.

7.12 Homestead Waiver. The Association's lien on a Resort II Condominium Unit for Assessments, charges, costs, and fees, provided for herein, shall be superior to any homestead exemption as is now or may hereafter be provided by state or federal law. The acceptance of a deed to a Resort II Condominium Unit shall constitute a waiver of the homestead exemption against all such Assessments, charges, costs, and fees.

7.13 Working Capital Fund. The Association or Declarant shall require the first Owner of each Unit (other than a Declarant), to make at the time of purchase, a non-refundable contribution to the Association in an amount equal to two (2) times the Monthly Assessment against that Unit in effect at the closing thereof. At the time Declarant's control of the Association terminates, the Declarant will transfer control of such funds to the Association (if not transferred earlier). Amounts paid into the working capital fund shall not be considered as advance payments of regular Assessments. Funds in the working capital account shall be segregated with other such working capital funds for the use and benefit of the Association, including without limitation to meet unforeseen expenditures or to purchase additional equipment, property, or services. Such contribution to working capital funds shall not relieve an Owner from making regular payments of Assessments as the same become due. Upon the transfer of his Unit, an Owner (including a Declarant if he previously paid working capital funds for the sold Unit) shall be entitled to a credit from his transferee (but not from the Association) for the unused portion of the contribution to the working capital fund. A Declarant shall not use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up any budget deficits.

7.14 First Mortgagees May Pay Assessments and Cure Defaults. If any Assessment on a Resort II Condominium Unit shall not be paid by the Owner thereof within thirty (30) days after the same is due, or if a default by any Owner of any provision of this Declaration, the Articles, or By-Laws of the Association, shall not be cured within thirty (30) days after written notice thereof is given to such Owner, then any First Mortgagee may (but shall not be required to) pay such Assessment, together with any other amounts secured by the Association's lien created by this Article VII, and may (but shall not be required to) cure any such default.

7.15 Statement Regarding Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a Security Interest or its designee upon written request, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of any unpaid Assessments

currently levied against such Owner's Resort II Condominium Unit. The statement shall be furnished within fourteen (14) business days after receipt of the request and payment of any fee required by the Association or its management company and is binding on the Association, the Board of Directors and every Owner. If no statement is furnished to the Owner or holder of a Security Interest or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Resort II Condominium Unit for unpaid Assessments which were due as of the date of the request.

7.16 Liens. It is possible that liens other than mechanics' liens and Assessment liens may be obtained against the Common Elements, including without limitation, judgment liens, and purchase money mortgage liens.

7.17 Reallocation. If any Assessment remains unpaid for more than six (6) months after it is first due, the Association may treat such unpaid Assessment as a Common Expense to be assessed against all Units, provided, however, that if the Association subsequently collects all or any part of such unpaid Assessment, through foreclosure of its lien or otherwise, then any Owner who has paid a portion of such unpaid Assessment as a Monthly Assessment will be entitled to a credit (in an amount equal to its *pro rata* share of the amount of the unpaid Assessment subsequently collected by the Association against any Assessments subsequently due from such Owner.

ARTICLE VIII

INSURANCE

8.1 Insurance on Common Elements. Commencing not later than the time of the first conveyance of a Resort II Condominium Unit to a person other than a Declarant, the Association shall maintain the following types of insurance for the benefit of the Owners to the extent that such insurance is reasonably available, considering the availability, cost, and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as a common expense. Notwithstanding any of the specific insurance requirements contained in this Article VIII, the Association may change the types of insurance coverage obtained if certain of the coverages are not available at a reasonable cost and may also consider, in determining the types and amounts of insurance it needs to obtain, the then-existing requirements of the Agencies with respect to their insurance, guaranty, or purchase of First Mortgages.

(a) A policy of property insurance covering all insurable improvements located within the Resort II Condominium Project (including the Units and any fixtures, equipment, or other property within all of the Units that are encumbered by a First Mortgage on any Unit that is held, guaranteed, or insured by any of the Agencies, but excluding any other equipment, furniture, wall trimmings, improvements, and personal property) except for land, foundation, excavation, and other matters normally excluded from coverage, in an amount not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date. Further, said policy shall contain a "Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, and include an "Inflation Guard Endorsement", an "Agreed Amount Endorsement," and if any building in the Resort II Condominium Project has central heating or air conditioning a "Steam Boiler and Machinery Coverage Endorsement" with minimum coverage per

accident for Resort II Building to equal the lesser of \$2 million or the insurable value of the Resort II Condominium Project. The Association will also purchase endorsements, and/or coverage on personal property owned by the Association, including fixtures and building service equipment, furnishings, common personal property, and supplies. Such insurance shall afford protection against at least the following:

(i) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(ii) such other risks as shall customarily be covered with respect to projects similar in construction, location, and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

The Association may provide the insurance required under this Paragraph (a) or under Paragraph (b) below by contributing a pro rata share of the costs of insurance insuring the entire Project, provided such insurance satisfies all of the applicable requirements.

(b) A comprehensive policy of public liability insurance covering the Resort II Condominium Project insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) covering bodily injury, including death to persons, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insured's for property damage, bodily injuries, and deaths of persons in connection with the operation, maintenance, or use of the Resort II Condominium Project, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles; such coverage may also include, if applicable, comprehensive automobile liability insurance, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as may customarily be required by private institutional mortgage investors with respect to condominium projects similar in construction, location, and use.

(c) A policy providing employee dishonesty coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all others who handle or are responsible for handling funds of the Association, in an amount at least equal to the greater of (i) the estimated maximum of funds, including reserves, in the custody of the Association at any given time and (ii) three (3) months' aggregate assessments on all Units plus reserves. Such coverage shall meet the following requirements:

(i) all such coverage shall name the Association as an obligee;

(ii) such coverage shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase at its own expense, a policy of employee dishonesty coverage which fully complies with the provisions of this Paragraph (c).

(d) A policy providing directors and officers liability insurance in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature, as it shall deem appropriate, to the extent that such coverage is reasonably available.

8.2 General Provisions of Insurance Policies. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association. The policy or policies shall contain a standard non-contributory First Mortgagee's clause in favor of each First Mortgagee and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice thereof is given to the insured, to each First Mortgagee, and to each Agency who guarantees or insures a First Mortgage on any Unit. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including First Mortgagees under the Declaration, upon request. All policies shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner unless acting within the scope of such Owner's authority on behalf of the Association. The policies shall also contain a waiver by the insurer of any right to claim by way of subrogation against the Owners, each person or entity who is a Declarant, the Association, and their respective officers, directors, and members and any of such parties' respective families, agents, employees, or tenants. The liability insurance policy provided for under Section 8.1(b) shall insure the Board of Directors, the Association, any management agent, and their respective employees, agents, and all persons acting as agents. Each person or entity who is a Declarant shall be included as an additional insured in its capacity as an Owner and, if applicable, a member of the Board. The Owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements. Such liability insurance shall cover claims of one or more insured parties against the other insured parties.

8.3 Deductibles. No policy of insurance of which the Association or its designee is the beneficiary shall include a deductible clause in an amount which is greater than the lesser of \$10,000.00 or 1% of the face amount of the policy. Any loss falling within the deductible portion of such policy shall be a common expense shared by all of the Owners. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner, and assess such loss as a Default Assessment against such negligent Owner and his Resort II Condominium Unit, subject to all provisions of this Declaration applicable to such Assessments.

8.4 Insurance Trustee. The Board of Directors shall have authority to authorize an insurance trustee to assist and consult with it and/or to act as its agent and attorney-in-fact for one or more of the following purposes: to purchase and maintain the insurance required under this Declaration, to negotiate and compromise settlement of losses under any insurance; and to collect the proceeds from any insurance, hold such proceeds in trust for the Owners and their First Mortgagees as their interest may appear and dispose of such proceeds as provided in Article XIII of this Declaration and the Common Interest Act. The Association and any insurance trustee

designated by the Board of Directors shall have exclusive authority as agent and attorney-in-fact for the Owners to purchase and maintain all insurance required under this Article, to negotiate, settle, and compromise any claims under such insurance, to receive all proceeds from such insurance and apply them as provided under this Declaration, to execute releases of liability in connection with the negotiation and settlement of claims, and to execute all documents and perform all acts that may be necessary or desirable to carry out the Association's and insurance trustee's rights and duties under this Declaration.

8.5 Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of such Owner and for reimbursement to the Association for the deductible under the Association's insurance policy; provided that if such amount(s) are not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total of such amount(s), from time to time, then the failure to so repay shall automatically become a Default Assessment determined and levied against such Unit and Owner.

8.6 Acceptable Insurance Companies. Any hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports (or a comparable rating by any successor or generally accepted substitute for Best's) of B/VI or better, or a financial rating of Class V provided it has a general policy holder's rating of at least A, and is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, By-Laws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee or (b) under the terms of the carrier's charter, By-Laws, or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

8.7 Insurance to be Maintained by Owners. Insurance coverage on furnishings, including carpet, draperies, improvements and betterments, oven, range, refrigerator, wallpaper, and other items of personal property belonging to an Owner, and public liability coverage within each Resort II Condominium Unit and appurtenant Limited Common Elements, shall be the sole and direct responsibility of the Owner(s) thereof, and the Association, its Board of Directors and/or the managing agent of the Association shall have no responsibility therefor; provided, however, that the Board of Directors of the Association may elect to include any such coverage in any Association policy and any costs of such coverage not allocable to the Owners on a uniform basis shall be assessed as an Individual Purpose Assessment.

8.8 Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Board of Directors of the Association to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association. Prior to obtaining any policy of fire insurance or renewal thereof, the Board of Directors or the managing agent of the Association may obtain a written appraisal from a duly qualified real estate or insurance appraiser, or other person knowledgeable as to replacement costs, which appraiser shall reasonably estimate the full replacement value of the improvements for the

purpose of determining the amount of insurance required pursuant to the provisions of this Article. Any First Mortgagee shall be furnished with a copy of such appraisal upon request.

8.9 Notice of Cancellation. If any insurance that the Association is required to maintain under this Article VIII is not reasonably available or is cancelled or not renewed without a replacement policy having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by U.S. Mail to all Owners.

8.10 Prohibition of Increases in Insurable Risks and Certain Activities. Nothing shall be done or kept in any Resort II Condominium Unit or in or on the Common Elements, or any part thereof, which would result in the cancellation of any insurance on the Resort II Condominium Project or the Commercial Condominium Project, or any part thereof, or increase in the rate of any insurance on either the Resort or Commercial Condominium Project, or any part thereof, over such rates that the Association, but for such activity, would pay, without the prior written approval of the Association. Each Owner shall indemnify and hold the Association and the other Owners harmless from and against all loss and damage resulting from any action or activity committed by such Owner, the members of the Owner's family, guests, invitees or attendants, which is in violation of this Section 8.10. At its own initiative or upon the written request of any Owner (and if the Association determines that further action by it is proper), then, after affording an Owner a reasonable opportunity to be heard, the Association shall enforce the resulting indemnified amount as a Default Assessment determined and levied against the Owner's Resort II Condominium Unit.

8.11 Waiver of Claims. The Association will make no claim against any Owner or the members of such Owner's household, the holder of any Security Interest, any other person for whom any Owner or holder of a Security Interest may be responsible, and no Owner or holder of a Security Interest will make any claim against the Association, its directors, officers, employees or agents or any other Owner or holder of a Security Interest or any of their respective employees, agents, officers or directors, for any loss or damage to any portion of the Resort II Building or any personal property located thereon, and all such claims are hereby waived to the extent that such loss or damage would be covered by any property insurance policy upon the affected property that is required to be maintained by or for the benefit of the waiving party under this Declaration (assuming such insurance policy is maintained on a one hundred percent (100%) replacement cost basis) and that is in fact maintained by such party or under which such party is named as an additional insured. All property insurance policies carried by the Association or any Owner will contain a waiver of subrogation in accordance with the preceding sentence. For purposes of this Section, the deductible amount under any property insurance policy required to be maintained by a waiving party will be deemed to be "covered" by such policy so that, in addition to waiving claims for amounts in excess of such deductible (up to the covered limits, or deemed covered limits, of such policy), such waiving party waives all claims for amounts within such deductible.

ARTICLE IX

CONVEYANCES AND TAXATION OF RESORT II CONDOMINIUM UNITS

9.1 Contracts Entered into Prior to Recording of Resort II Condominium Map and Declaration. A contract or other agreement for the sale of a Resort II Condominium Unit entered into prior to the filing for record of the Resort II Condominium Map and/or this Declaration in the office of the Clerk and Recorder of the County of Gunnison, Colorado, may legally describe such Resort II Condominium Unit in the manner set forth in Section 9.2 hereof and may indicate that the Resort II Condominium Map and/or this Declaration are to be recorded. Upon recordation of the Resort II Condominium Map and this Declaration in the County of Gunnison, Colorado, such description shall be conclusively presumed to describe the corresponding Resort II Condominium Unit shown on the Resort II Condominium Map and such Resort II Condominium Unit shall be subject in all respects to this Declaration.

9.2 Contracts Entered into Subsequent to Recording of Resort II Condominium Map and Declaration. Subsequent to the recording of the Resort II Condominium Map and this Declaration, every contract, deed, lease, mortgage, deed of trust, will, and every other instrument affecting title to a Resort II Condominium Unit may legally describe that Resort II Condominium Unit as follows:

Resort II Condominium Unit _____, THE GRAND LODGE CRESTED BUTTE RESORT II CONDOMINIUMS according to the Map thereof, recorded on _____, _____, with reception number _____, in the records of the office of the Clerk and Recorder of the County of Gunnison, Colorado, and as defined and described in The Grand Lodge Crested Butte Resort II Condominium Declaration recorded on _____, _____, with reception number _____, in said records.

9.3 Legal Effect of Description. Every contract, deed, lease, mortgage, deed of trust, will, and every other instrument affecting title to a Resort II Condominium Unit which legally describes said Resort II Condominium Unit substantially in the manner set forth in Section 9.2 hereof shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect the Resort II Condominium Unit, including the undivided interest in the Common Elements appurtenant thereto and all other appurtenant properties and property rights, and incorporate all of the rights, limitations, and burdens incident to ownership of a Resort II Condominium Unit as described in this Declaration and the Condominium Map. Each such description shall be construed to include a non-exclusive easement for ingress and egress to and from each Resort II Condominium Unit and the use of all the General Common Elements as well as all of the Limited Common Elements appurtenant to said Resort II Condominium Unit, all as more fully provided in this Declaration.

9.4 Taxation. Each Resort II Condominium Unit shall be assessed separately for all taxes, assessments, and other charges of the State of Colorado, any political subdivision thereof, any special improvement district, and any other taxing or assessing authority. For the purpose of such assessments, the valuation of the Common Elements shall be apportioned among the Resort II Condominium Units in proportion to the undivided interest in Common Elements appurtenant thereto. The Association shall furnish to the Tax Assessor of the County of Gunnison, Colorado, and to all other appropriate persons and authorities, all necessary information with respect to such apportionment. No forfeiture or sale of any Resort II Condominium Unit for delinquent taxes,

assessments, or other governmental charges shall divest or in any way affect the title to any other Resort II Condominium Unit.

ARTICLE X

MECHANIC'S LIENS

10.1 Mechanic's Liens. No labor performed and/or materials furnished for use and incorporated in any Resort II Condominium Unit with the consent or at the request of the Owner thereof, his agent, contractor, or subcontractor, shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed or such materials furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien against the Unit of any other Owner, the Common Elements, or any part thereof, for labor performed and/or for materials furnished in work on the first Owner's Resort II Condominium Unit.

10.2 Enforcement by the Association. At its own initiative or upon the written request of any Owner, if the Association determines that further action by it is proper and the mechanic's lien(s) are not disputed claims with a reasonable basis for such dispute, the Association, after notice and hearing, shall enforce the indemnity provided by Section 10.1 hereof by collecting from the Owner of the Resort II Condominium Unit on which the labor was performed and/or materials furnished, the amount necessary to discharge any such mechanic's lien, including all costs and reasonable attorneys' fees incidental thereto, and obtain a discharge of such lien. In the event that the Owner of the Resort II Condominium Unit on which the labor was performed and/or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount, or any portions thereof, from time to time, to be indemnified, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section 10.2 and such amount to be indemnified shall automatically become a Default Assessment determined and levied against such Resort II Condominium Unit.

10.3 Effect of Part Payment. In the event a lien attributable to labor performed and/or materials furnished on the Resort II Condominium Project, or any portion thereof, is recorded against two or more Resort II Condominium Units, the Owner(s) of any of the affected Resort II Condominium Units may pay to the lienholder the amount of the lien attributable to such Owner's Resort II Condominium Unit and the lienholder shall release such Resort II Condominium Unit from the lien. The amount required to be paid by any such Owner in order to obtain release of his Resort II Condominium Unit from any such lien shall be equal to the quotient of (i) the amount of the lien, divided by (ii) the total number of Resort II Condominium Units affected by the lien. Partial payment and release of any such lien with respect to any Resort II Condominium Unit(s) shall not prevent the lienholder from enforcing his rights against any Resort II Condominium Unit for which payment has not been received.

ARTICLE XI

EASEMENTS

11.1 Recorded Easements. In addition to all easements and rights-of-way of record at or before the recording of this Declaration, the Resort II Property, and all portions thereof, shall be subject to the easements as shown on any recorded plat of the Resort II Property, or any portion thereof, and as shown on the recorded Resort II Condominium Map. Further, the Resort II Property, or portions thereof, is now or may hereafter be subject to the easements, licenses, and other recorded documents, or any of them, set forth on Exhibit "C" attached hereto and incorporated herein by this reference.

11.2 Encroachments. In the event that any portion of the Common Elements encroaches upon any Unit(s) or in the event that any portion of a Unit encroaches upon any other Unit(s) or upon any portion of the Common Elements or the Commercial Condominium Project, or in the event any encroachment shall occur in the future as a result of: (i) settling of the Resort II Building, (ii) alteration or repair to the Common Elements, (iii) alteration, expansion, or repair of the Commercial Condominium Project, or (iv) repair or restoration of part of the Resort II Building and/or Unit(s) after damage by fire or other casualty, or condemnation or eminent domain proceedings, then, in any of said events, a valid easement is hereby created and does exist for the encroachment and for the maintenance of the same so long as the encroachment exists. In the event that any one or more of the Units, the Resort II Building, or other improvements comprising part of the Resort II Condominium Project or part of the Commercial Condominium Project, are partially or totally destroyed and are subsequently rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding or reconstruction any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment is hereby created and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or on the Units for purposes of marketability of title or other purposes. In interpreting any and all provisions of this Declaration, subsequent deeds, mortgages, deeds of trust or other security instruments relating to Units, the actual location of a Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered, notwithstanding any minor deviations, either horizontally, vertically or laterally, from the location of such Unit as indicated on the Resort II Condominium Map.

11.3 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon the Common Elements in the proper performance of their duties.

11.4 Utilities. There is hereby created a blanket easement for the benefit of the Owners, the Association and the Commercial Condominium Project upon, across, and through the Common Elements for the installation, replacement, repair, and maintenance of utilities, including but not limited to water, sewer, gas, telephone, electricity, computer, cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the facilities, equipment, and appurtenances on the Common Elements necessary to repair, and maintain water and sewer pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits, and meters. If any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over, or under any part or all of the Common

Elements without conflicting with the terms hereof; provided, however, that such right and authority shall cease and terminate upon the earliest of ten (10) years after recordation of this Declaration in the County of Gunnison, Colorado, conveyance by a Declarant of all Resort II Condominium Units to Owners other than a Declarant, or when Declarant elects to surrender such right, at which time said reserved right shall vest in the Association. The easement provided for in this Section 11.4 shall in no way affect, avoid, extinguish, or modify any other recorded easement(s) on the Common Elements.

11.5 Maintenance Easement. An easement is hereby granted to the Commercial Association and to the Association, their respective officers, directors, agents, employees, and assigns upon, across, over, in, and under the Common Elements, and a right to make such use of the Common Elements as may be necessary or appropriate to perform the duties and functions which the Commercial Association or the Association is obligated or permitted to perform pursuant to the Commercial Declaration or this Declaration, as the case may be, including the right of the Association to construct and maintain on the Common Elements maintenance and storage facilities for use by the Association.

11.6 Drainage Easement. An easement is hereby granted to the Association, its officers, agents, employees, successors, and assigns to enter upon, across, over, in, and under any portion of the Resort II Property and the Commercial Land (as defined in the Commercial Declaration) for the purpose of the drainage of water onto the Resort II Property and the Commercial Land from the Common Elements.

11.7 Easements of Access for Repair, Maintenance, and Emergencies. Some of the Common Elements are or may be located within a Unit(s) or may be conveniently accessible only through a Unit(s). The Owners of other Unit(s), the Commercial Association and the Association shall have the irrevocable right, to be exercised by the Association or the Commercial Association as their agent, to have access to each Unit and to all Common Elements from time to time during such reasonable hours as may be necessary for the maintenance, repair, removal, or replacement of any of the Common Elements or any utility lines or pipes (whether or not Common Elements) located therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Commercial Condominium Project, the Common Elements or to any Unit. Subject to the provisions of Section 6.2 hereof, damage to the interior of any part of a Unit resulting from the maintenance, repair, emergency repair, removal, or replacement of any of the Common Elements or as a result of emergency repairs within any Unit at the instance of the Association, shall be an expense of all the Owners apportioned in accordance with Section 7.2. Any such damage caused by the Commercial Association will be the expense of such Commercial Association. Damage to the interior part of any Unit resulting from the installation, movement, repair, emergency repair, removal, or replacement of any utility lines or pipes not servicing more than one Resort II Condominium Unit shall be the expense of the Owner whose Unit such utility lines and pipes serve and such expense shall be reimbursed through an Individual Purpose Assessment. Non-emergency repairs shall be made only during regular business hours on business days after twenty-four (24) hours' notice to the occupants of the Unit wherein such repairs are to be made, except where the occupants have no objections to earlier entry for repairs. In emergencies the occupants of the affected Unit shall be notified of impending entry as early as is reasonably possible.

11.8 Easements Deemed Created. All conveyances of Units hereafter made, whether by a Declarant or otherwise, shall be construed to grant and reserve the easements contained in this

Article XI, even though no specific reference to such easements or to this Article XI appears in the instrument for such conveyance.

11.9 Common Elements Easement. Part of the Common Elements include easements across, over, upon, and under the Commercial Condominium Project as provided in the Commercial Declaration, which easements are perpetual, irrevocable easements for support and for the maintenance, repair, replacement, and reconstruction of the Common Elements, access to and from the Resort II Condominium Project, and for use and occupancy of the uppermost portion of the Commercial Condominium Project.

11.10 Co-Ownership Agreement. The land which comprises the Resort II Property shall be owned as tenants-in-common by all of the Owners under both this Declaration and the Commercial Declaration, with an undivided fifty percent (50%) interest allocated to the Owners of Units under this Declaration and an undivided fifty percent (50%) interest allocated to the Owners of Units under the Commercial Declaration. As tenants-in-common with respect to the fee ownership of the land which comprises the Resort II Property, the Owners, by their acceptance of a deed to a Unit or Units, shall be deemed to accept title to such Unit or Units subject to the following agreements, rights, equitable servitudes, and covenants governing the land which comprises the Resort II Property, all of which touch and concern the land and shall be deemed to run with the land and each and every undivided interest in the land conveyed to any Owner, including any Declarant and its successors and assigns:

(a) Each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Resort II Property. Furthermore, each Owner agrees that this Section 11.10 may be pleaded as a bar to the maintenance of such an action.

(b) Proceeds from the sale or condemnation of the Resort II Property shall be divided proportionately in accordance with the undivided interests in the Resort II Property. Such proceeds shall be paid to the respective Associations for further distribution to the Owners in accordance with this Declaration and the Commercial Declaration.

(c) The Associations, as attorney-in-fact for the Owners, and the Declarant shall have the right to construct, reconstruct, replace, repair, maintain, rehabilitate, and remove improvements and exercise all other incidents of ownership of the land arising out of the tenancy-in-common interest in the land held by the Owners in accordance with this Declaration and the Commercial Declaration.

(d) The Associations and the Owners are granted non-exclusive, perpetual easements for maintenance and support and for ingress and egress to and from the Commercial Condominium Project and the Resort II Condominium Project over, across, under, and upon the Resort II Property and the Commercial Land.

ARTICLE XII

RESTRICTIVE COVENANTS

12.1 Permitted Uses. Subject to Section 12.2 hereof, Resort II Condominium Units shall be used for commercial and hotel-type use, including uses that are customarily incident thereto, including short-term rentals and Owners' vacation-related uses. The Association is hereby authorized to adopt rules and regulations governing the use and occupancy of the Resort II Condominium Units. Such rules and regulations shall be consistent with the ordinances of the Town of Mt. Crested Butte.

12.2 Use Restrictions Imposed by Town of Mt. Crested Butte. Certain restrictions on the Owners' use of their Resort II Condominium Unit and operations of the Project have been imposed by the Town of Mt. Crested Butte, by authority of Town ordinances and as part of the condominium approval process. In accordance with such ordinances and other requirements, (i) a front desk in the Resort II Building shall be staffed and kept open for at least twenty-four (24) hours on each day the Building is open for use by paying guests, (ii) Owners may not use their Resort II Condominium Unit for their personal use or for use by their family members or non-paying guests (collectively, the "Owner's Users") for more than twenty-nine (29) consecutive days at any one time period or for more than sixty (60) days during any single calendar year, and (iii) each Owner's Resort II Condominium Unit must be available for short-term rental, as such term is defined in the ordinances of the Town of Mt. Crested Butte, for all other days the Resort II Building is open during each calendar year. Further, in accordance with the requirements of the Town of Mt. Crested Butte, an Owner shall be prohibited from keeping his Resort II Condominium Unit off the short-term rental market when such Resort II Condominium Unit is not occupied personally by the Owner's Users, other than for repairs or maintenance which makes the Resort II Condominium Unit unrentable. Further, the Owner of a Resort II Condominium Unit may not leave a vehicle on the Commercial Condominium Project while the Owner is not physically occupying a Resort II Condominium Unit. Notwithstanding the foregoing limitations, a Resort II Condominium Unit may be used by the Owner's Users on a "space available basis" at any time during a calendar year. The term "space available basis" shall mean that the Owner's Resort II Condominium Unit has not been reserved by a paying guest at least thirty (30) days prior to the date the Resort II Condominium Unit is to be used by the Owner's Users. If the Town of Mt. Crested Butte revises its ordinances governing the use of the Resort II Condominium Units and such revisions are determined to be applicable to the Resort II Condominium Units, the Association is hereby authorized to revise its rules and regulations in a manner that is consistent with such changes and the provisions of this Section 12.2 shall be deemed to have been amended and shall be interpreted and enforced in accordance with such revisions. The Resort II Association and/or the Town may bring an action against any Owner who violates this Section 12.2. In addition, the Owner's Users' use of the Resort II Condominium Unit may be limited, in the discretion of the Declarant under the Commercial Declaration, during the "Shoulder Seasons," as determined from time to time by such Declarant. The term "Shoulder Seasons" initially shall mean the time period between September 30 and December 1 of each year and the time period between the closing date of the Crested Butte Ski Area and June 1 of each year.

12.3 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for a Declarant, its employees, agents, and contractors, to perform such reasonable activities and to maintain upon portions of the Resort II Condominium Project such facilities as a Declarant deems reasonably necessary or incidental to the completion and sale of Resort II Condominium Units and the exercise of Declarant's development

rights, specifically including without limiting the generality of the foregoing, maintaining business offices, storage areas, signs, model units, sales offices, parking areas, construction offices, and short-term rentals. Declarant reserves the right to relocate any sales office and model or management office to any other Resort II Condominium Unit then owned by a Declarant. The rights retained by Declarant in this Section 12.3 shall terminate upon conveyance by a Declarant of all Resort II Condominium Units to Owners other than a Declarant or ten (10) years after the recording of this Declaration, whichever occurs first.

12.4 Household Pets. No animals, livestock, poultry, or insects, of any kind, shall be raised, bred, kept or boarded in or on the Resort II Condominium Project; no dogs, cats, or other household pets may be kept in any Resort II Condominium Unit without the prior written approval of the Board of Directors of the Association, which approval may be withheld or granted, with or without conditions, in the sole discretion of the Board. The Association shall have and is hereby given, the right and authority to determine in its sole discretion that dogs, cats, or other household pets, if permitted by the Board, are being kept in such number or in such manner as to be unreasonable or to create a nuisance to other Owners, or that an Owner is otherwise in violation of this Section 12.4, and to take such action or actions as it deems reasonably necessary to correct the same, including prohibiting the pet(s) from being kept in a Unit. An Owner's license to keep household pets, if granted by the Board, is revocable by the Board and shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s), as well as any costs incurred by the Association as a result of such pet(s), and any such amounts shall be and constitute a Default Assessment subject to and enforceable by the Association in accordance with this Declaration.

12.5 Use of Common Elements. Subject to the rights of Declarant as provided in this Declaration, there shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior written approval of the Association. Except for those improvements erected or installed by a Declarant in its completion of the Resort II Condominium Project, and except as provided in Section 2.4 hereof, nothing shall be altered on, constructed in, or removed from the Common Elements without the prior written approval of the Board of Directors of the Association.

12.6 Exterior and Interior Changes. Except for those improvements erected, constructed, or installed by the Declarant in its completion of the Resort II Condominium Project, no exterior or interior additions to, alterations or decoration of, any Resort II Condominium Unit or the Resort II Building, including but not limited to any structural alterations to any Resort II Condominium Unit or Common Element, nor any changes in walls or other structures, nor installation of window mounted air conditioning units or awnings or any exterior or interior improvement of any type shall be commenced, erected, placed, or maintained, without the prior written approval of the Boards of Directors of the Association and the Commercial Association. Furniture, furnishings and decorations in Resort II Condominium Units shall be in conformance with standards established by the Boards of Directors of the Association and the Commercial Association, which standards shall require uniform furniture, furnishings, and decorations for all Resort II Condominium Units. The Resort II Association and/or the Town may enforce the provisions of this Section 12.6.

12.7 Signs and Advertising. Except as hereinafter provided, no signs, including for sale or for rent signs, advertisements, billboards, unsightly objects, or nuisances of any kind shall be placed, erected, or permitted to remain in or on any Resort II Condominium Unit, nor shall any sign(s) be permitted in or on the Common Elements, without the prior written approval of the Association. Notwithstanding the foregoing, reasonable signs, advertising, banners or billboards

used by a Declarant in connection with its sale of Resort II Condominium Units shall be permissible, provided that such use by a Declarant shall not unreasonably interfere with the Owners' use and enjoyment of the Common Elements, their Resort II Condominium Units, or their ingress and egress from a public way to the Common Elements or their Resort II Condominium Units. The Association's authority to regulate signs and advertising shall be subject to the limitations and requirements of Section 38-33.3-106.5 of the Act.

12.8 Leases. The term "lease" as used herein shall include any agreement for the leasing or rental of a Resort II Condominium Unit and shall specifically include, without limitation, a day-to-day, week-to-week, and month-to-month rental. The Owner of a Resort II Condominium Unit shall have the right to lease his Resort II Condominium Unit under the following conditions:

(a) All leases shall be in writing and a copy of the lease or lease form shall be delivered to the Board of Directors of the Association or the Association's managing agent prior to the effective date of the lease or prior to using the lease form for short-term rentals.

(b) All leases shall provide that the terms of the lease and lessee's occupancy of the Resort II Condominium Unit shall be subject in all respects to the provisions of this Declaration, the Articles, By-Laws, and rules and regulations of the Association, and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease. Any lease that violates the provisions of this Declaration or rules and regulations adopted by the Board of the Association shall be deemed in default and the Association may bring an action to terminate such lease and the lessee's occupancy of the premises.

(c) No lease shall be for less than one (1) day or more than twenty-nine (29) days.

12.9 Nuisances. No nuisance shall be allowed on the Resort II Condominium Project, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the Resort II Condominium Project by its residents. As used herein, the term "nuisance" shall not include any activities of a Declarant in regard to the completion of the Resort II Condominium Project. All parts of the Resort II Condominium Project shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate, nor any fire hazard to exist. Further, no immoral, improper, offensive, or unlawful use shall be permitted or made of the Resort II Condominium Project or any part thereof. All valid laws, ordinances, and regulations of all governmental bodies having jurisdiction over the Resort II Condominium Project, or any portion thereof, shall be observed.

12.10 Interior Furnishings and Finishes. Interior furnishings and finishes used in all Resort II Condominium Units shall be a uniform type and shall be the same as the interior furnishings originally provided with the Resort II Condominium Units when conveyed by the Declarant to the Owners thereof or other building standard furnishings and finishes adopted by the Boards of Directors of the Association and the Commercial Association and shall be replaced when required by the Board of Directors of the Association and the Commercial Association. Each Owner shall supplement, to the extent necessary, funds in the Capital Improvement Fund when necessary to maintain, repair or replace interior furnishings and finishes in each Resort II Condominium Unit. The Resort II Association and/or the Town may enforce the provisions of this Section 12.10.

ARTICLE XIII

DAMAGE, DESTRUCTION, TERMINATION, OBSESCENCE, OR CONDEMNATION

13.1 Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Resort II Condominium Project in the event of the repeal of Article VII, Section 18-481, et seq., Town of Mt. Crested Butte Municipal Code, and filing of an Amended Plat and/or Condominium Map, if applicable, and in the event of its destruction, damage, obsolescence, or condemnation, including the repair, replacement, and improvement of the resort portion of the Resort II Building, any Resort II Condominium Units, Common Elements, or other portions of the Resort II Condominium Project which have been destroyed, damaged, condemned, or become obsolete. Title to any Resort II Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from a Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place, and stead, for the purpose of dealing with the Resort II Condominium Project upon its damage, destruction, obsolescence, or condemnation, as is hereinafter provided. As attorney-in-fact, the Association, by its President and Secretary or Assistant Secretary, or its other duly authorized officers and agents, shall have full and complete authorization, right, and power to make, execute, and deliver any contract, deed, or other instruments with respect to the interest of an Owner which are necessary and appropriate to exercise the powers herein granted. In the event that the Association is dissolved or becomes defunct, a meeting of the Owners shall be held within thirty (30) days after either such event. At such meeting a new attorney-in-fact, to deal with the Resort II Condominium Project upon its destruction, damage, obsolescence, or condemnation, shall be appointed. Such appointment must be approved by the Owners representing an aggregate ownership interest of sixty-seven percent (67%) or more of the Common Elements and at least sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each First Mortgage held).

13.2 Termination of Resort II Condominium Project.

(a) The Resort II Condominium Project shall continue indefinitely unless and until it is terminated by the taking of all of the Resort II Condominium Units by eminent domain or by agreement of the Owners holding at least sixty-seven percent (67%) of the votes in the Association and First Mortgagees holding sixty-seven percent (67%) of the First Mortgages (based on one vote for each First Mortgage held or two votes for any First Mortgage on a combined unit held). The agreement of the Owners and First Mortgagees to terminate must be evidenced by their execution of a Termination Agreement (or a ratification thereof) in the same manner as a deed, by the requisite number of Owners and First Mortgagees. The Termination Agreement must specify a date after which the Agreement will be void unless it is recorded before that date. The Termination Agreement and all ratifications thereof must be recorded with the Clerk and Recorder of the County of Gunnison and is effective only upon recordation. After the recording of the Termination Agreement, the Resort II Condominium Project will be sold and the Association, on behalf of the Owners, may contract for such sale, but the contract is not binding on the Owners unless approved by the same vote of Owners and First Mortgagees required for approval of the Termination Agreement. After approval of the sale, the Association has all power necessary and appropriate to

effect the sale and until the sale has concluded and the proceeds have been distributed, the Association continues in existence with all the powers it had before termination. Proceeds of the sale must be distributed to the Owners and lienholders as their interest may appear, in accordance the provisions set forth below. Unless otherwise specified in the Termination Agreement, until title to the Resort II Condominium Project has been transferred pursuant to a sale, each Owner and its successors in interest have an exclusive right to occupancy of a portion of the real estate that formally constituted the Unit. During the period of that occupancy, each Owner and the Owner's successors in interest remain liable for all Assessments and other obligations imposed upon the Owners by the Common Interest Act or this Declaration. Following termination of the Resort II Condominium Project, the proceeds of any sale of real estate, together with any insurance proceeds (if the termination occurs in connection with a damage or destruction) and the assets of the Association are held by the Association as trustee for the Owners and the holders of liens on the Resort II Condominium Units as their interest may appear.

(b) The respective interest of the Owners is as follows:

(i) except as provided in subparagraph (ii) below, the respective interests of the Owners are the fair market values of their Units, interest in the General Common Elements, and any Limited Common Elements before termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and becomes final unless disapproved within thirty (30) days after distribution by Owners holding at least twenty-five percent (25%) of the total votes in the Association. The proportion of any Owner's interest to that of all Owners is determined by dividing the fair market value of that Owner's Resort II Condominium Unit by the total fair market value of all Resort II Condominium Units;

(ii) if any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all Owners are their respective interests in the Common Elements immediately before termination.

(c) The proceeds available for distribution to the holders of interests in the Resort II Condominium Units after a termination shall be allocated to each Resort II Condominium Unit in accordance with its proportionate interest as provided above and each Resort II Condominium Unit's share of such proceeds shall be deposited into a separate account identified by the Resort II Condominium Unit designation and the name of the Owner and First Mortgagee thereof. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of such account, without contribution from one account to another, toward payment of the liens encumbering the Resort II Condominium Unit represented by such separate account, in the following order: (a) for the payment of taxes and special assessment liens in favor of any assessing entity; (b) for the payment of any Association Assessments which take priority over the lien of a First Mortgage pursuant to Section 7.9 of this Declaration and the Common Interest Act; (c) for the payment of the lien of any First Mortgage; (d) for the payment of unpaid Association Assessments, charges, and fees, and all costs, expenses, and fees incurred by the Association, including customary expenses of sale; (e) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (f) the balance remaining, if any, shall be paid to the Owner(s) of the Resort II Condominium Unit.

13.3 Damage or Destruction. "Repair and reconstruction" of the improvements, as used in the succeeding subparagraphs, means restoring the improvement(s) to substantially the same

condition in which they existed prior to their damage or destruction, with each Resort II Condominium Unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in substantial conformance with the Resort II Condominium Project's original architectural plan and scheme, to the extent then reasonably and economically feasible. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, reconstruction, restoration, or replacement, in accordance with the provisions hereinafter set forth:

(a) Any loss covered by the property insurance policy maintained by the Association must be adjusted with the Association, and the insurance proceeds will be paid to the Association or an insurance trustee designated for such purpose and not to the holder of any Security Interest. The insurance trustee or the Association shall hold such insurance proceeds in trust for the Owners and lienholders as their interest may appear. Subject to the provisions of subparagraph (b) below, the proceeds must be disbursed first to the repair or restoration of the damaged property, and the Association, Owners, and lienholders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Resort II Condominium Project is terminated in accordance with Section 13.2. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, and such other matters of claims adjustment. The Association shall have full authority, right, and power as attorney-in-fact to cause the repair and reconstruction of the improvements. Assessments shall not be abated during the period of insurance adjustment and repair and reconstruction.

(b) Any portion of the Resort II Condominium Project for which insurance is required under this Declaration must be repaired or replaced promptly by the Association unless: (i) the Resort II Condominium Project is terminated in accordance with Section 13.2, in which case the provisions of that Section apply; (ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; (iii) the Owners who hold 80% of the votes in the Association vote not to rebuild and every Owner of a Unit or assigned Limited Common Element that will not be rebuilt concurs; or (iv) prior to the conveyance of any Resort II Condominium Unit to a person other than a Declarant, the holder of a deed of trust or mortgage on the damaged portion of the Resort II Condominium Project rightfully demands all or a substantial portion of the insurance proceeds.

(c) If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a Special Assessment. Such Special Assessment shall be assessed against all Resort II Condominium Units in accordance with Section 7.7 hereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement or restoration of the improvements, using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the aforesaid Special Assessment. Notwithstanding the foregoing, the Association shall have authority to assess negligent Unit Owners causing any loss all deductibles paid by the Association and any amount by which the insurance proceeds are insufficient to pay the costs of repair and reconstruction.

13.4 Obsolescence. Sixty-seven percent (67%) of the Owners may agree that the Common Elements are obsolete and adopt a plan for the renewal and reconstruction thereof. If a plan for renewal or reconstruction is adopted, notice of such plan shall be recorded in the County of Gunnison, Colorado, and the expenses of renewal and reconstruction shall be payable by all of the

Owners as a common expense, whether or not they have previously consented to the plan of renewal and reconstruction. The Assessment for the renewal and reconstruction of the Common Elements shall be a debt of each Owner and a lien on his Resort II Condominium Unit, and may be enforced and collected as provided in Section 7.9 and 7.10 hereof.

13.5 Condemnation. If at any time during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Resort II Condominium Project shall be taken or condemned by any public authority, or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Section 13.5 shall apply:

(a) All compensation, damages, or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award," shall be payable to the Association, as attorney-in-fact for the Owners, as provided in Section 13.1 above. The Association shall have the right to appear in any condemnation proceeding on behalf of the Owners.

(b) In the event that the entire Resort II Condominium Project is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant to this Declaration shall terminate. The Condemnation Award shall be apportioned among the Owners by the Board of Directors of the Association the same as if there had been a termination of the Resort II Condominium Project under Section 13.2; provided, however, that if a standard different from the value of the Resort II Condominium Project as a whole is employed as the measure of the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. The Association shall, as soon as practicable, determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed, as soon as practicable, in the same manner as provided in Section 13.2 hereof.

(c) Subject to the provisions of Article XVI hereof, in the event that less than the entire Resort II Condominium Project is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award, to be determined in the following manner: As soon as practicable, the Association shall reasonably, and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds and shall apportion the amounts so allocated among the Owners, as follows: (i) the total amount allocated to taking of or injury to the Common Elements shall be apportioned among the Owners in accordance with the undivided interest in the Common Elements appurtenant to each Resort II Condominium Unit; (ii) the total amount allocated to severance damages shall be apportioned to those Resort II Condominium Units which were not taken or condemned; (iii) the respective amounts allocated to the taking of or damage to a particular Resort II Condominium Unit, including but not limited to the Limited Common Elements appurtenant thereto, and to the improvements an Owner has made within his Resort II Condominium Unit, shall be apportioned to the particular Resort II Condominium Unit involved; and (iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances, or as determined by judicial decree. Notwithstanding anything to the contrary contained in this Declaration, the allocation of the Condemnation Award to each affected Resort II Condominium Unit shall be based on the comparative values of the affected Resort II Condominium Units as they existed immediately prior to the condemnation, using such evidence of the appraised values as is then available, including, but not limited to, recent MAI appraisals of the



affected property or comparable property. If the allocation of the Condemnation Award is already established in negotiations, judicial decree, or otherwise, then in allocating the Condemnation Award, the Association shall employ such allocation to the extent it is relevant and applicable. Apportioned proceeds shall be disbursed, as soon as practicable, in the same manner as provided in Section 13.2 hereof.

(d) In the event a partial taking results in the taking of a complete Resort II Condominium Unit, the Owner(s) thereof shall automatically cease to be a Member(s), shall cease to hold any right, title, or interest in the remaining Common Elements, and shall execute any and all documents necessary to accomplish the same. Thereafter, the Association shall reallocate the ownership, voting rights, and Assessment ratio in accordance with this Declaration according to the principles employed in this Declaration at its inception, and shall submit such reallocation to the Owners and to the First Mortgagees of all remaining Resort II Condominium Units for amendment of this Declaration. The Condemnation Award as to each such completely taken Resort II Condominium Unit shall be paid into a separate account and disbursed, as soon as practicable, in the same manner as provided in Section 13.2 hereof.

(e) Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 13.3 hereof.

(f) If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by the Declaration, the award will include compensation to the Owner for that Unit and its Allocated Interests whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking. Any remnant of a Unit remaining after a part of a Unit is taken pursuant to this subsection (f) each of such is thereafter a Common Element.

(g) Except as provided in subsection (f) above, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its interest in the Common Elements whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides the Unit shall retain its one vote in the Association, but its interest in the Common Elements and its share of Assessments shall be reduced by the same percentage that the square footage of the Unit was reduced by the taking, and the amount of the reduction shall be allocated among all Units (including the Unit affected by the taking) pro rata in proportion to their interest in the Common Elements after the reduction described above. The reallocation of Allocated Interests pursuant to this Section shall be confirmed by an Amendment to this Declaration prepared, executed, and recorded by the Association.

ARTICLE XIV

BURDENS AND BENEFITS OF DECLARATION

14.1 Covenants Running with Resort II Property. The benefits, burdens, and all other provisions contained in this Declaration shall be covenants running with and binding upon the Resort II Property.

14.2 Binding Upon and Inure to the Successors. The benefits, burdens, and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of Declarant, the Association, the Commercial Association, all Owners, and their respective heirs, executors, administrators, personal representatives, successors, and assigns. Any right or any interest reserved or contained in this Declaration to or for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more of such rights or interests, to any person, corporation, partnership, association, or other entity, in accordance with the provisions of the Common Interest Act.

ARTICLE XV

AMENDMENT OF DECLARATION

15.1 Amendment. Except for Amendments that may be executed by a Declarant or by the Association under the provisions of this Declaration or the Common Interest Act, the provisions of this Declaration and/or the Resort II Condominium Map may be amended, in whole or in part, at any time and from time to time, by vote or agreement of Owners holding at least sixty-seven percent (67%) of the votes in the Association, and Declarant, provided that Declarant's right to consent under this Section shall expire on the first to occur of the conveyance by a Declarant of all Resort II Condominium Units to Owners (other than a Declarant) or ten (10) years after the date this Declaration is recorded in the County of Gunnison, Colorado.

Approval by the Board, but not the members, of the Commercial Association shall be required for any amendment that affects the rights or privileges of the Commercial Condominium Project, the Commercial Association, or the Owners of Commercial Condominium Units. Such approval shall not be unreasonably withheld.

Every Amendment to the Declaration and/or the Resort II Condominium Map must be recorded in the office of the Clerk and Recorder of the County of Gunnison and is effective only upon recording. Except to the extent expressly permitted by this Declaration and the Common Interest Act, no Amendment may create or increase any special Declarant's rights, increase the number of Units in the Resort II Condominium Project, or change the boundaries of any Unit (other than by combining or dividing Units) or the Allocated Interests of a Unit in the absence of the consent of sixty-seven percent (67%) of the Owners. Amendments to the Declaration required by this Article to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association.

The provisions of this Section 15.1 and the provisions of Article XVI below shall not be applicable to any amendments to this Declaration recorded by the Declarant pursuant to the provisions of Section 4.7 above.

Notwithstanding any other provision of this Declaration to the contrary, no provision of Section 6.3 or Article XII of this Declaration may be amended without the express written consent of the Town Manager of the Town.

15.2 Technical Amendment. To the extent allowed by the Common Interest Act, Declarant hereby reserves and is granted the right and power to record, without the approval or consent of any Owner, First Mortgagee, or any other person or entity, technical amendments to this

Declaration, the Resort II Condominium Map, Articles, and/or By-Laws of the Association, at any time prior to the conveyance by a Declarant of all Resort II Condominium Units to Owners (other than a Declarant) or ten (10) years after the date this Declaration is recorded in the County of Gunnison, Colorado, whichever occurs first, for the purposes of correcting spelling, grammar, dates, typographical errors, or as may otherwise be necessary to clarify the meaning of any provisions of this Declaration.

15.3 Special Amendment. To the extent allowed by the Common Interest Act, Declarant hereby reserves and is granted the right and power to record, without the approval or consent of any Owner, First Mortgagee, or any other person or entity, special amendments to this Declaration, the Articles, and/or By-Laws of the Association, at any time prior to the conveyance by a Declarant of all Resort II Condominium Units to Owners (other than a Declarant) or ten (10) years after the date this Declaration is recorded in the County of Gunnison, Colorado, whichever occurs first, in order to comply with any requirements of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure, or guarantee one or more First Mortgages.

15.4 Recording of Amendments. To be effective, all amendments to or revocation or termination of this Declaration or the Resort II Condominium Map must be recorded in the office of the Clerk and Recorder of the County of Gunnison, Colorado, and must contain evidence of the required approval thereof. The recordation of a certificate of the Secretary of the Association, certifying that Owners representing the requisite percentage of the Resort II Condominium Units, and the requisite percentage of First Mortgagees, if required, have consented to the amendment shall satisfy the requirement of evidence of the required approval.

15.5 Presumption of Validity. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one (1) year after the amendment is recorded. There will be a presumption subsequent to the recording of an amendment to this Declaration that all votes and approvals required to pass the same pursuant to this Declaration were duly obtained (at a duly called meeting of the Association, in the case of votes). Such presumption may be rebutted by an action commenced within (1) year from the date the amendment is recorded. In the absence of any such action, such presumption will be deemed conclusive.

15.6 Counterparts. Any amendment to this Declaration may be executed in several counterparts and all counterparts so executed shall constitute one document binding on all signatories thereof, notwithstanding that all signatories have not executed the original or the same counterpart. In the event that any such document is executed in counterparts, those pages from the counterparts on which signatures and/or certificates of notaries public appear may be attached to the original instrument for the recordation thereof, provided that such recorded document shall also contain a certification of the Secretary of the Association that all counterparts, as executed, are identical.

ARTICLE XVI

FIRST MORTGAGEES

16.1 Member and First Mortgage Approval. Subject to Sections 2.4, 2.5, 15.2, and 15.3 hereof and the rights of Declarant provided for herein, but notwithstanding any other provisions of this Declaration to the contrary, the Association shall not:

(a) Unless it has obtained the prior written consent of Members holding at least sixty-seven percent (67%) of the votes in the Association and sixty-seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage held, or two votes for each First Mortgage held on a combined Unit):

(i) seek to abandon or terminate the Resort II Condominium Project, whether by act or omission, except:

(A) for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty, or

(B) in the case of a taking by condemnation or eminent domain, in which event the provisions of Section 13.5 of this Declaration shall control; or

(C) for amendments to this Declaration, the Articles, or By-Laws of the Association made as a result of destruction, damage, or condemnation of the Resort II Property or improvements thereon;

(ii) except as permitted by Sections 2.4, 2.5, 4.7, and 13.5, change the pro rata interest or obligations of any individual Resort II Condominium Unit for the purpose of:

(A) levying Assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(B) determining the pro rata share of ownership of each Resort II Condominium Unit in the Common Elements;

(iii) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements (excluding the granting of permits, licenses, and easements for public utilities or other purposes consistent with the intended use of the Common Elements or reasonably necessary or useful for the proper maintenance or operation of the Resort II Condominium Project);

(iv) partition or subdivide any Resort II Condominium Unit; or

(v) use hazard insurance proceeds for losses to any part of the Resort II Condominium Project (whether to Resort II Condominium Units or Common Elements) for other than the repair, replacement, or reconstruction of such condominium property in accordance with the procedures set forth in Sections 13.2 and 13.3 hereof, except as may be provided by statute in the case of substantial loss to such Resort II Condominium Units and/or Common Elements.

(b) Unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the total allocated votes in the Association, and fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned or two votes for each First Mortgage owned on a combined Unit), add or amend any material provisions of this Declaration, the Articles, or By-Laws of the Association which establish, provide for, govern, or regulate any of the following, provided that such additions or amendments shall not be considered material if they are for the purpose of correcting technical errors or for clarification only:

- (i) voting rights;
- (ii) Assessments, Assessment liens, or the priority of such liens, except as provided under Section 4.7 above;
- (iii) reserves for maintenance, repair, and replacement of the Common Elements;
- (iv) responsibility for maintenance and repair of any portion of the Resort II Condominium Project;
- (v) reallocation of interests in the Common Elements, or rights to use of the Common Elements, except as contemplated under Sections 2.4, 2.5 and 13.5 hereof;
- (vi) boundaries of any Resort II Condominium Unit except as contemplated under Section 2.4 hereof;
- (vii) convertibility of Resort II Condominium Units into Common Elements or of Common Elements into Resort II Condominium Units;
- (viii) expansion or contraction of the Resort II Condominium Project or the addition, annexation, or withdrawal of property to or from the Resort II Condominium Project;
- (ix) insurance, including, but not limited to, fidelity bonds;
- (x) leasing of Resort II Condominium Units;
- (xi) imposition of any restriction on the right of any Owner to use his Unit or the Common Elements or to sell or transfer his Resort II Condominium Unit;
- (xii) any decision by the Association to assume self-management of the Association, when professional management has previously been required by this Declaration or by any First Mortgagee or any insurer or guarantor of a First Mortgage;
- (xiii) any restoration or repair of the Resort II Condominium Project, after a partial condemnation or damage due to an insurable hazard, other than substantially in accordance with this Declaration, the Articles, and By-Laws of the Association;
- (xiv) any action to terminate the legal status of the Resort II Condominium Project after substantial destruction or condemnation; or

(xv) any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages.

16.2 Notice of Action. Notice of any proposed amendment to the Declaration requiring the consent of First Mortgagees shall be sent to all First Mortgagees in accordance with the requirements of Section 38-33.3-217(1)(b) of the Act, including publication as required therein. Upon written request therefor, a First Mortgagee, insurer, or guarantor of a First Mortgage, shall be entitled to timely written notice of:

(a) Any condemnation loss or casualty loss which affects a material portion of the Resort II Condominium Project or any Resort II Condominium Unit subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or guarantor of a First Mortgage;

(b) Any delinquency in the payment of Assessments or charges owed to the Association by the Owner of the Resort II Condominium Unit subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer, or guarantor, or any default by such Owner in any obligation under the Declaration, Articles, or By-Laws of the Association if the Board of Directors of the Association has actual knowledge of such default, when such delinquency and/or default remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article XVI.

16.3 Notice of Objection. Unless a First Mortgagee or an insurer or guarantor of a First Mortgagee entitled to consent to certain amendments or actions as provided in this Article provides the Secretary of the Association with written notice of its objection, if any, to the proposed amendment or action within thirty (30) days after it is given notice of the proposal, the First Mortgagee or other party will be deemed conclusively to have approved of the proposed amendment or action and the Secretary of the Association may so state in any document.

16.4 Financial Statements; Audit. The Association shall maintain copies of this Declaration, the Resort II Condominium Map, the Articles of Incorporation of the Association, the By-Laws of the Association, and any rules and regulations relating to the Resort II Condominium Project together with all amendments to any such documents, as well as the Association's books, records, and financial statements available for inspection by the Owners, by prospective purchasers of Resort II Condominium Units, and by holders, insurers, and guarantors of First Mortgages that are secured by Resort II Condominium Units. The documents will be made available by advance arrangement at a reasonable time. The Association shall not be required to prepare audited statements unless required by the Act; however, if there is no audited statement available for the immediately preceding fiscal year, the Association will prepare and furnish one within a reasonable time to any Agency that has an interest or prospective interest in a Resort II Condominium Unit after it receives a request therefor from such Agency or to Members after receipt of a request from Members in compliance with the requirements of Section 38-33.3-303(4)(b) of the Act.

16.5 Limitations on Approval Rights. No requirement stated in this Article to obtain the approval of an Eligible First Mortgagee may operate to:

(a) Deny or delegate control over the general administrative affairs of the Association by the Owners or the Board; or

(b) Prevent the Association or the Board from commencing, intervening in, or settling any solicitation or proceeding; or

(c) Prevent any insurance trustee or the Association from receiving and distributing any insurance proceeds pursuant to Section 38-33.3-313 of the Act.

ARTICLE XVII

MISCELLANEOUS

17.1 Period of Condominium Ownership. The condominium ownership created by this Declaration and the Resort II Condominium Map shall continue until this Declaration is terminated in any manner provided in this Declaration or by law.

17.2 Supplemental to Common Interest Act. The provisions of this Declaration shall be in addition and supplemental to the Common Interest Act, as it may be amended from time to time, and to all other applicable provisions of law.

17.3 Conveyance of Resort II Condominium Units. All Resort II Condominium Units, whether or not the instrument of conveyance or assignment shall refer to this Declaration, shall be subject to the covenants, conditions, restrictions, easements, reservations, rights-of-way, and all other terms and provisions contained in this Declaration, as it may be amended from time to time.

17.4 Enforcement. Except for those matters required to be submitted to arbitration pursuant to Section 17.11 below and subject to the provisions of this Section 17.4, enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges, and other provisions contained in this Declaration, the Articles, By-Laws, or rules and regulations of the Association, as amended, shall be by any proceeding at law or in equity filed in the District Court for the County of Gunnison, State of Colorado, against any person or persons violating or attempting to violate any such provision. The Association or any aggrieved Owner shall have the right to institute, maintain, and/or prosecute any such proceedings, and the Association shall further have the right to levy and collect charges for the violation of any provision of any of the aforesaid documents, which charges shall be a perpetual lien in favor of the Association against each Resort II Condominium Unit, as more fully provided in Article VII hereof, but shall be subject to the following provisions if applicable.

Notwithstanding any other provisions of this Declaration, the Articles of Incorporation, or the Bylaws to the contrary, any action or arbitration brought by the Association in which it seeks to recover an unspecified amount of damages or damages in excess of \$25,000.00 shall first be approved by the vote of the Members holding at least seventy-five percent (75%) of the voting power of the Association. All costs and fees to be incurred in connection with such action or arbitration shall be described in a budget which is approved by the vote of Members holding at least seventy-five percent (75%) of the voting power of the Association at the same time as the required vote of the Members is obtained to bring the action or initiate the arbitration. Any expenditures in excess of such approved budget shall be approved as an amendment to the budget which is

approved by the same percentage vote of the Members. The proposed litigation budget and a summary of the claims to be asserted in the action or arbitration shall be mailed to all of the Members with a notice of the meeting describing the purpose of the meeting at least thirty (30) days prior to the date of the meeting. The costs and fees incurred in connection with such action or arbitration shall be assessed against all of the Owners, other than the Owner against whom any such action or arbitration is proposed, as a Special Assessment. Such costs and fees shall not be paid from Monthly Assessments. The Association may not bring an action for breach of warranty or other claims that do not arise out of a violation of the provisions of this Declaration. The foregoing requirements shall not apply to any action brought by the Association to collect assessments from Members or to obtain injunctive relief in connection with a violation of the provisions of this Declaration, whether or not the Association seeks to recover its costs of suit and attorneys' fees.

In the event the Board of Directors of the Association intends to bring an action asserting defects in the construction of five or more Units, the Board shall comply with the requirements of Sections 13-20-802 through 807 and 38-33.3-303.5, C.R.S., as amended, in addition to complying with the foregoing requirements.

In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the court, provided that such party has complied with the applicable provisions of this Section. Any dispute between the Association and the Commercial Association and any dispute between an Owner or Owners and the Commercial Association shall be submitted to binding arbitration in accordance with the laws of the State of Colorado. The costs of such arbitration shall be borne equally by the parties to the arbitration and each party shall bear its own attorneys' fees. Such arbitration shall be heard in Denver, Colorado.

17.5 Notices; Registration of Mailing Address. Each Owner and each First Mortgagee, insurer, or guarantor of a First Mortgage, shall register his mailing address with the Association, and notices or demands intended to be served upon the Association, any such Owner, First Mortgagee, insurer, or guarantor shall be delivered by messenger or sent by first class mail, postage prepaid, addressed to the Association at its address set forth below (or such other address of which it gives notice) or to such other person or entity addressed in the name of such person or entity, at such registered address. However, if any Owner fails to so notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Resort II Condominium Unit. The address for the Association shall be the address of its registered agent which (until changed in accordance with the Colorado Nonprofit Corporation Act) shall be: c/o Gart Properties, LLC, 299 Milwaukee, Denver, Colorado 80206.

17.6 Agent for Service of Process. If a Unit is owned by more than one (1) person, or by a partnership, joint venture, corporation, limited liability company, or other such entity, the Owners thereof shall designate the Resort II Association, in writing, the name and address of the agent of the Owner to whom all legal or official assessments, liens, levies, or other such notices may be properly and lawfully mailed. Upon failure of an Owner to so designate an agent, the Resort II Association shall be deemed to be the agent for receipt of notices to such Owner(s).

17.7 Non-Waiver. Failure by a Declarant, the Association, any Owner, First Mortgagee, or any other person or entity to enforce any covenant, condition, restriction, easement, reservation, right-of-way, or other provision contained in this Declaration shall in no way or event be deemed to be a waiver of the right to do so thereafter.

17.8 Severability. The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereof, or any portion thereof, by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

17.9 Number and Gender. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

17.10 Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted herein only as a matter of convenience and for reference, and are in no way to be construed to define, limit or otherwise describe the scope of this Declaration or the intent of any provision hereof.

17.11 Conflicts in Documents. In case of any conflict between this Declaration and the Articles or By-Laws of the Association, this Declaration shall control. In case of any conflict between the Articles and By-Laws of the Association, the Articles of Incorporation shall control.

17.12 Arbitration. Any dispute between the Association and the Declarant, between any Owner and the Declarant, or between the Association and any Owner with respect to a matter other than delinquent assessments, shall be submitted to arbitration in Denver, Colorado, before a panel of three arbitrators, under the supervision, rules and procedures of the American Arbitration Association then in effect, as modified herein. The Association shall comply with the provisions of Section 17.4 above if applicable to the subject matter of the arbitration. Discovery in such arbitration will be conducted in accordance with the Colorado Rules of Civil Procedure, except that all discovery must be completed within one hundred eighty (180) days of the selection of the arbitrators. If the parties to the dispute are unable to agree upon the selection of three arbitrators, then the AAA will select and implement a method of selecting the arbitrators. The decision of the arbitrators in such cases will be final and binding. The party initiating the arbitration shall pay all filing fees and arbitrator fees for the arbitration initially, subject to possible reimbursement if such party is the prevailing party. Upon completion of the arbitration, the cost of the arbitration proceedings, including the reasonable attorney's fees and expenses of the parties, will be paid by the party(ies) which is not or are not the prevailing party(ies) in the arbitration proceedings (in equal shares if there are more than one such non-prevailing parties). In any arbitration hereunder, the arbitrators will determine, in addition to any matters submitted by the parties, which party(ies) is or are the prevailing party(ies). The prevailing party(ies) will be the party(ies) who prevail(s) on substantially more of the matters submitted to arbitration (including, without limitation, claims, defenses, remedies and amount of damages sought) than any of the other parties to the arbitration.

ARTICLE XVIII

DECLARANT RIGHTS

18.1 Declarant's Special Rights. Declarant hereby reserves, for a period of ten (10) years after the recordation of this Declaration, the development rights and other special Declarant's rights, as such term is defined in the Common Interest Act, as may be set forth in this Declaration. Such special Declarant rights include, but are not limited to, the right to: (i) create Units or Common Elements; (ii) combine and subdivide Units or convert Units (or portions thereof) to Common

Elements; (iii) convert General Common Elements to Limited Common Elements; (iv) maintain sales and management offices, model Units, and advertising signs within the Resort II Condominium Project; (v) use the Common Elements to make improvements to the Common Elements or Resort II Condominium Units; (vi) appoint Directors and officers of the Association during the period of Declarant's control; (vii) convert Common Elements to Units; (viii) withdraw individual Units and Common Elements from the Resort II Condominium Project prior to the first sale of a Unit; and (ix) complete development of the Resort II Condominium Project and annex additional property to the Resort II Condominium Project as provided below. Such special Declarant rights affect all of the Property which is subject to this Declaration and may be exercised during the period set forth in Section 18.2. If any Units are withdrawn from the Resort II Condominium Project, a Notice of Withdrawal and an amendment to the Resort II Condominium Map showing the withdrawn Units and Common Elements shall be recorded in the real property records of the Clerk and Recorder for Gunnison County, Colorado. Such Notice shall set forth the reallocation of the Allocated Interests among all of the Units which will be part of the Resort II Condominium Project after such withdrawal and shall refer to this Declaration, including the date and Reception Number for recordation of this Declaration. Such Notice shall be deemed to be a part of this Declaration.

18.2 Declarant's Rights Incident to Completion of the Project. Declarant, for itself and its successors and assigns, shall have and hereby retains or is granted a right and easement of ingress and egress over, in, upon, under, and across the Common Elements and Units and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to the completion of the Resort II Condominium Project, the sale of the Units, the exercise of Declarant's special rights under Section 18.1 and the exercise of Declarant's development rights; provided, however, that no such rights shall be exercised in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his family members, guests or invitees, to or of his Resort II Condominium Unit or the Common Elements. The rights under this section shall terminate upon conveyance by a Declarant of all Resort II Condominium Units to Owners other than a Declarant or ten (10) years after the recording of this Declaration, whichever occurs first.

18.3 Declarant's Rights Incident Completion of any Warranty Work. Declarant, for itself and its successors and assigns, shall have and hereby retains and is granted a right and easement of ingress and egress over, in, upon, under, and across any Common Elements and any Unit as may be reasonably necessary or incidental to the completion of any work required to be performed under any warranty given by Declarant to an Owner; provided, however, that no such rights shall be exercised in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his family members, guests or invitees, to or of his Resort II Condominium Unit and Declarant shall notify an Owner of the day and approximate time that such work will be performed. The rights under this section shall terminate upon the expiration of all warranties given by Declarant, if any.

18.4 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for a Declarant, its employees, agents, and contractors, to perform such reasonable activities, and to maintain upon portions of the Commercial and Resort II Condominium Projects, such facilities as a Declarant deems reasonably necessary or incidental to the completion and sale of Resort II Condominium Units and the exercise of Declarant's development rights, specifically including without limiting the generality of the foregoing, maintaining business offices, storage areas, signs, model units, sales offices, parking

areas, construction offices, and short-term rentals. Initially Declarant intends to use one (1) Unit as a model unit and/or sales office; provided, however, that Declarant reserves the right to create additional model Units and/or sales offices and to relocate any sales office, model Unit, or management office to any other Resort II Condominium Unit then owned by a Declarant. The rights retained by Declarant in this Section shall terminate upon conveyance by a Declarant of all Resort II Condominium Units to Owners other than a Declarant or ten (10) years after the recording of this Declaration, whichever occurs first.

18.5 Expiration of Special Declarant's Rights. If any right reserved herein by Declarant for the benefit of Declarant is a "development right" or a "special declarant right" as such terms are defined in the Common Interest Act, then such right shall expire in accordance with the provisions reserving the right in question, or if no such expiration is identified, then such right shall expire ten (10) years from the date this Declaration is recorded. Any such unexpired rights may be transferred by Declarant to any person by an instrument executed by Declarant and its transferee, describing the rights transferred and recorded in the Office of the Clerk and Recorder for the County of Gunnison in compliance with Section 38-33.3-304 of the Common Interest Act.

18.6 Right to Complete Development of Project. Declarant reserves the right to develop up to two hundred (200) Resort II Condominium Units within the Resort II Condominium Project. No provision of this Declaration shall be construed to prevent or limit the rights of Declarant to complete development of the Resort II Condominium Project or elect not to complete development of any part of the Resort II Condominium Project; to construct or alter Improvements on any property owned by Declarant; to maintain model Units, offices for construction, Declarant offices, sales purposes, or similar facilities on any property owned by Declarant, or to post signs or do any other act or thing incidental to development, construction office, promotion, marketing, or sales of property within the boundaries of the Resort II Condominium Project.

18.7 Declarant's Rights to Grant and Create Easements. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements for access, utilities, drainage, water, telecommunications facilities, and other purposes incident to development, use and sale of the Resort II Condominium Project located in, on, under, over, and across Common Elements.

18.8 Declarant's Right to Annex Additional Property to Resort II Condominium Project. Declarant shall have and Declarant hereby reserves the right to, but shall not be obligated to, develop the Resort II Condominium Project in phases and, as part of such phased development, to annex part or all of any property now or hereafter owned by Declarant, including the property described on Exhibit E, to the Resort II Condominium Project in phases as may be determined by Declarant, at any time within ten (10) years after the date this Declaration is recorded, so long as a Declarant owns any part of the Resort II Condominium Project or the property described on Exhibit E. Any property added to the Resort II Condominium Project which is not described in either Exhibit A or E may not exceed ten percent (10%) of the total area of the property described in Exhibits A and E.

Property shall be annexed to the Resort II Condominium Project by Declarant executing and recording a Notice of Annexation and a Supplemental Condominium Map. Such Notice shall describe the real property to be annexed, shall set forth the reallocation of Allocated Interests among all of the Units which will be part of the Resort II Condominium Project after such annexation, and shall refer to this Declaration, including the date and reception number for the recordation of this Declaration. Such Notice shall be deemed to be a part of this Declaration. Such

Supplemental Condominium Map shall show all Resort II Condominium Units constructed on such real property. In the event Declarant exercises this right, any such property annexed to the Resort II Condominium Project shall be subject to the terms and conditions of this Declaration. No approval of any other Owners or Mortgagees, other than the Owner of the property to be annexed, shall be required.

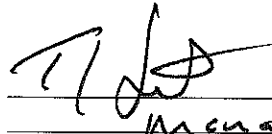
18.9 Successor Declarant. Declarant may designate as a "Successor Declarant" any person which acquires some or all of the Declarant's then remaining interest in the Resort II Condominium Project or the property described on Exhibit E by an instrument which shall be recorded. Upon execution and delivery of such instrument by Declarant and the Successor Declarant, the person designated as Successor Declarant therein shall accede to all of the rights and obligations of Declarant under this Declaration with respect to the property acquired by such Successor Declarant and all references to Declarant contained herein shall be deemed to refer to such Successor Declarant.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has hereunto set its hand and seal this ____ day of July, 2006.

CB LODGING LLC, a Colorado limited liability company

By: Gart Properties LLC, a Colorado limited liability company, its Manager

By:
Its:

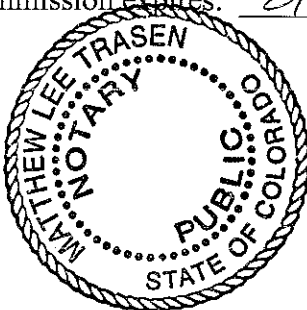

Manager

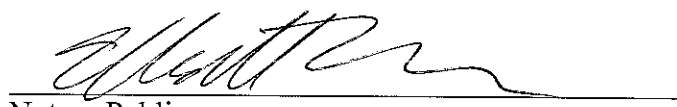
STATE OF COLORADO)
CITY &) ss.
COUNTY OF DENVER)

The above and foregoing Resort II Condominium Declaration for The Grand Lodge Crested Butte was acknowledged before me this 28th day of July, 2006, by Thomas Gart, as Manager of Gart Properties LLC, a Colorado limited liability company, Manager **CB LODGING LLC**, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: 2/2/09




Notary Public

CONSENT OF LENDER

First Western Trust Bank, being the beneficiary of that certain Deed of Trust recorded on April 20, 2006, at Reception No. 564512 in the records of Gunnison County, Colorado, encumbering the Property described above, hereby consents to the execution and recordation of the foregoing The Grand Lodge Crested Butte Resort II Condominium Declaration and the Resort II Condominium Map for The Grand Lodge Crested Butte Resort II Condominiums and agrees that such Deed of Trust shall be junior and subordinate to such Resort II Condominium Declaration and Resort II Condominium Map.

EXECUTED on the 28th day of July, 2006.

FIRST WESTERN TRUST BANK

By: *Aj. Singh*
Its: Vice President

STATE OF COLORADO)
CITY &) ss.
COUNTY OF DENVER)

The foregoing Consent of Lender was acknowledged this 28 day of July, 2006, by Amar Singh as Vice President of First Western Trust Bank, as Lender.

WITNESS my hand and official seal.

My commission expires: My Commission Expires 9/27/2007

Mendy Singh
Notary Public

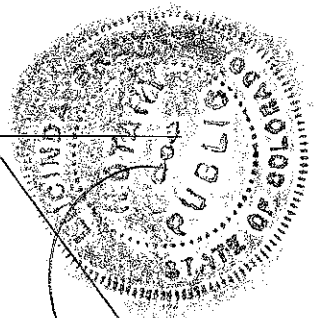


EXHIBIT A
TO
THE GRAND LODGE CRESTED BUTTE
RESORT II CONDOMINIUM DECLARATION

THE GRAND LODGE CRESTED BUTTE RESORT II CONDOMINIUMS

PROPERTY DESCRIPTION:

AN UNDIVIDED 50% INTEREST IN A PARCEL SITUATE IN LODGE SITE 6, REPLAT OF LODGE SITES 5 AND 6, NORTHERN LODGE SITES, TOWN OF MT. CRESTED BUTTE, GUNNISON COUNTY, COLORADO, ACCORDING TO THE PLAT THEREOF RECORDED JULY 7, 1997, AT RECEPTION #476638 OF THE RECORDS OF GUNNISON COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LODGE SITE 6, A POINT ALSO BEING THE SOUTHEAST CORNER OF LODGE SITE 5, WHENCE THE NORTHEAST CORNER OF SECTION 26, TOWNSHIP 13 SOUTH, RANGE 86 WEST, 6TH PRINCIPAL MERIDIAN, A BRASS CAP MONUMENT BEARS N84°44'16"E A DISTANCE OF 1160.28 FEET WITH ALL BEARINGS BEING RELATIVE TO A BEARING OF N89°26'32"W BETWEEN SAID NORTHEAST CORNER SECTION 26 AND THE NORTH 1/4 CORNER OF SAID SECTION 26, A BRASS CAP MONUMENT; THENCE S 05°14'51"W A DISTANCE OF 173.05 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 27°40'33" EAST A DISTANCE OF 201.60 FEET;

THENCE SOUTH 62°20'22" WEST A DISTANCE OF 72.76 FEET;

THENCE NORTH 27°40'33" WEST A DISTANCE OF 201.60 FEET;

THENCE NORTH 62°20'22" EAST A DISTANCE OF 72.76 FEET TO THE TRUE POINT OF BEGINNING.

BEARINGS IN THIS DESCRIPTION ARE ROTATED 0°55'33" CLOCKWISE FROM RECORD BEARINGS SHOWN ON THE REPLAT OF LODGE SITES 5 AND 6, RECORDED JULY 7, 1997 AT RECEPTION #476638 OF THE RECORDS OF GUNNISON COUNTY, COLORADO.

(THIS DESCRIPTION IS BASED ON THE ALTA SURVEY PREPARED BY SCHMUESER GORDON MEYER, INC. AND DATED 07 JAN., 2004)

EXHIBIT B

TO

THE GRAND LODGE CRESTED BUTTE

RESORT II CONDOMINIUM DECLARATION

Allocated Interests of Resort II Condominium Units:

<u>Unit</u>	<u>Square Feet</u>	<u>Percentage</u>	<u>Unit</u>	<u>Square Feet</u>	<u>Percentage</u>
105	390.5	0.79172	221	390.5	0.79172
107	394.5	0.79983	222	390.5	0.79172
109	390.5	0.79172	223	394.5	0.79983
111	394.5	0.79983	224	739.8	1.49999
112	394.5	0.79983	225	777.1	1.57553
113	390.5	0.79172	303	765.4	1.55181
114	390.5	0.79172	304	742.3	1.50498
115	394.5	0.79983	305	390.5	0.79172
116	394.5	0.79983	306	390.5	0.79172
117	390.5	0.79172	307	394.5	0.79983
118	390.5	0.79172	308	394.5	0.79983
119	394.5	0.79983	309	390.5	0.79172
120	394.5	0.79983	310	390.5	0.79172
121	390.5	0.79172	311	394.5	0.79983
122	390.5	0.79172	312	394.5	0.79983
123	394.5	0.79983	313	390.5	0.79172
124	739.8	1.49999	314	390.5	0.79172
125	777.1	1.57553	315	394.5	0.79983
203	765.4	1.55181	316	394.5	0.79983
204	742.3	1.50498	317	390.5	0.79172
205	390.5	0.79172	318	390.5	0.79172
206	390.5	0.79172	319	394.5	0.79983
207	394.5	0.79983	320	394.5	0.79983
208	394.5	0.79983	321	390.5	0.79172
209	390.5	0.79172	322	390.5	0.79172
210	390.5	0.79172	323	394.5	0.79983
211	394.5	0.79983	324	739.8	1.49999
212	394.5	0.79983	325	777.1	1.57553
213	390.5	0.79172	403	765.4	1.55181
214	390.5	0.79172	404	742.3	1.50498
215	394.5	0.79983	405	390.5	0.79172
216	394.5	0.79983	406	390.5	0.79172
217	390.5	0.79172	407	394.5	0.79983
218	390.5	0.79172	408	394.5	0.79983
219	394.5	0.79983	409	390.5	0.79172
220	394.5	0.79983			

<u>Unit</u>	<u>Square Feet</u>	<u>Percentage</u>	<u>Unit</u>	<u>Square Feet</u>	<u>Percentage</u>
410	390.5	0.79172			
411	394.5	0.79983			
412	394.5	0.79983			
413	390.5	0.79172			
414	390.5	0.79172			
415	394.5	0.79983			
416	394.5	0.79983			
417	390.5	0.79172			
418	390.5	0.79172			
419	394.5	0.79983			
420	394.5	0.79983			
421	390.5	0.79172			
422	390.5	0.79172			
423	394.5	0.79983			
424	739.8	1.49999			
425	777.1	1.57553			
503	765.4	1.55181			
504	742.3	1.50498			
505	390.5	0.79172			
507	390.5	0.79172			
508	394.5	0.79983			
509	390.5	0.79172			
510	390.5	0.79172			
511	394.5	0.79983			
512	394.5	0.79983			
513	390.5	0.79172			
514	390.5	0.79172			
515	394.5	0.79983			
516	394.5	0.79983			
517	390.5	0.79172			
518	390.5	0.79172			
519	394.5	0.79983			
520	394.5	0.79983			
521	390.5	0.79172			
522	390.5	0.79172			
523	394.5	0.79983			
524	739.8	1.49999			
525	777.1	1.57553			
TOTAL:	49,322.8	100.00%			



EXHIBIT C

TO

THE GRAND LODGE CRESTED BUTTE

RESORT II CONDOMINIUM DECLARATION

Capital Cost/Reserves Allocation:

<u>Type of Improvement</u>	<u>Commercial Share</u>	<u>Resort II Share</u>
1. Roofs and related building elements – Resort II Building		
a. Resort II Building roof, except 1-story connector	1.5%	98.5%
b. 1-story connector [See Condominium Map]	9.5%	43.5%
2. Parking Area	9.5%	43.5%
3. Exterior		
a. Porte cochere	9.5%	43.5%
b. Front drive and parking	9.5%	43.5%
c. Landscaping	10.44%	43.5%
d. Walkways	10.44%	43.5%
e. Exterior paint and stucco, lighting on Resort II Building	1.5%	98.50%
f. Signage	9.5%	43.5%
4. Elevators and stairwells		
Elevators in Resort II Building	0%	100%
5. Resort II Building Mechanical Systems	18%	82%
6. Structural Elements of Resort II Building	18%	82%
7. Any item not listed above	9.5%	43.5%

Operating Expenses Allocation:

<u>Type of Improvement</u>	<u>Commercial Share</u>	<u>Resort II Share</u>
On-site management and maintenance personnel and equipment	9.5%	43.5%
Front desk/Security/Transportation/Bell	9.5%	43.5%
General maintenance	9.5%	43.5%
Repairs/maintenance – Parking	9.5%	43.5%
Pool Chemicals and Spa	9.5%	43.5%
Maintenance tools and equipment	9.5%	43.5%
Music - lobby	9.5%	43.5%
Snow removal	9.5%	43.5%
Landscaping	9.5%	43.5%
Elevator maintenance – Resort II Building	1.5%	98.5%
Utilities (if not separately metered):		
Electricity	9.5%	43.5%
Natural gas - GCE	9.5%	43.5%
Cable television - lobby	9.5%	43.5%
Water and Sewer	9.5%	43.5%
Telephone/Internet	9.5%	43.5%
Trash removal	9.5%	43.5%
Fire/Life Safety	9.5%	43.5%
Property and Casualty Insurance (if single policy issued for building and other improvements, general liability, and umbrella)	9.5%	43.5%

EXHIBIT D

TO

THE GRAND LODGE CRESTED BUTTE

RESORT II CONDOMINIUM DECLARATION

Recorded Easements:

1. Taxes and assessments which are a lien not yet due and payable.
2. The Protective Covenants for the Lodge Sites Area recorded August 21, 1973 in Book 458 at page 47.
3. Terms and conditions in Replat of Northern Lodge Sites Subdivision Agreement as recorded October 24, 1986 in Book 635 at Page 032.
4. Setback restrictions as shown on the recorded plat of Lodge Sites Area, providing as follows:
 - a. 25 ft. distance from dwelling to rear lot line.
 - b. 20 ft. distance from dwelling to front lot line.
 - c. 9 ft. distance in interior lot line side.
5. Right-of-way for general maintenance and snow removal purposes, including the right to push down fences or other obstructions if absolutely necessary for snow removal purposes, willful or wanton misconduct excepted, 38 feet on each side of the centerline of dedicated road, as reserved by the recorded Plat of Lodge Sites Area.
6. Terms and conditions in Easement Agreement between Crested Butte Mountain Resort, Inc., a Colorado corporation, and The Town of Mt. Crested Butte as recorded May 31, 1991 in Book 691 at Page 69 and in Amendment to Easement recorded June 7, 1993 in Book 725 at Page 144.
7. Terms and conditions in Cross-Easement Agreement by Crested Butte Mountain Resort, Inc. as recorded June 7, 1993 in Book 725 at Page 147.
8. Restrictive Covenant recorded June 7, 1993 in Book 725 at Page 156.
9. Any taxes, fees, assessments, or charges by reason of the inclusion of the subject property within the Mt. Crested Butte Water and Sanitation District and The Town of Mt. Crested Butte Special Improvement District, not yet due and payable.

10. Terms and conditions in Grant of Easement between Crested Butte Mountain Resort, Inc. and The Town of Mt. Crested Butte recorded September 3, 1998 as Reception No. 486685.
11. Easements arising under The Grand Lodge Commercial Condominium Declaration recorded October 6, 2004 as Reception No. 546967, as amended and restated.
12. All Matters disclosed on The Grand Lodge Crested Butte Commercial Condominium Map recorded October 6, 2004 as Reception No. 546966, as amended.

EXHIBIT E
TO
THE GRAND LODGE CRESTED BUTTE
RESORT II CONDOMINIUM DECLARATION

A parcel situate in Lodge Site 6, Replat of Lodge Sites 5 and 6, Northern Lodge Sites, Town of Mt. Crested Butte, Gunnison County, Colorado, according to the Plat thereof recorded July 7, 1997 at Reception No. 476638 of the records of Gunnison County, Colorado, more particularly described as follows:

Beginning at the northeast corner of Lodge Site 6, a point also begin the southeast corner of Lodge Site 5, whence the northeast corner of Section 26, Township 13 South, Range 86 West, 6th Principal Meridian, a brass cap monument bears N84°44'16"E a distance of 1160.28 feet with all bearings being relative to a bearing of N89°26'32"W between said northeast corner Section 26 and the North ¼ Corner of said Section 26, a brass cap monument; thence along the boundary of said Lodge Site 6 the following courses: S34°30'27"E a distance of 167.54 feet; thence 231.86 feet along the arc of a curve to the right having a radius of 1068.46 feet, an included angle of 12°26'00" and subtending a chord bearing S28°17'27"E a distance of 231.40 feet; thence S22°04'27"E a distance of 27.44 feet; thence 57.98 feet along the arc of a curve to the right having a radius of 30.00 feet, an included angle of 110°44'00" and subtending a chord bearing S33°17'33"W a distance of 49.37 feet; thence S88°39'33"W a distance of 70.96 feet; thence 293.88 feet along the arc of a curve to the left having a radius of 416.00 feet, an included angle of 40°28'34" and subtending a chord bearing S68°25'16"W a distance of 287.81 feet; thence S48°10'57"W a distance of 24.47 feet; thence 40.02 feet along the arc of a curve to the left having a radius of 491.00 feet, an included angle of 4°40'13" and subtending a chord bearing N46°22'21"W a distance of 40.01 feet; thence N48°42'27"W a distance of 288.00 feet; thence N58°20'33"E a distance of 318.00 feet; thence N34°48'27"W a distance of 30.00 feet; thence N10°11'33"E a distance of 22.63 feet; thence S79°48'27"E a distance of 72.83 feet; thence N10°11'33"E a distance of 62.93 feet; thence S79°48'27"E a distance of 63.64 feet; thence N10°11'33"E a distance of 64.11 feet to the point of beginning.

EXCEPT:

A parcel situate in Lodge Site 6, Replat of Lodge Sites 5 and 6, Northern Lodge Sites, Town of Mt. Crested Butte, Gunnison County, Colorado, according to the Plat thereof recorded July 7, 1997 at Reception No. 476638 of the records



of Gunnison County, Colorado, more particularly described as follows:

Beginning at the northeast corner of Lodge Site 6, a point also being the southeast corner of Lodge Site 5, whence the northeast corner of Section 26, Township 13 south, Range 86 West, 6th Principal Meridian, a brass cap monument bears N84°44'16"E a distance of 1160.28 feet with all bearings being relative to a bearing of N89°26'32"W between said northeast corner Section 26 and the North ¼ Corner of said Section 26, a brass cap monument; thence S25°37'09"W a distance of 302.16 feet to the true point of beginning; thence S27°45'27"E a distance of 74.84 feet; thence N62°14'33"E a distance of 45.10 feet; thence S27°45'27"E a distance of 80.97 feet; thence S62°14'33"W a distance of 168.37 feet; thence N27°45'27"W a distance of 80.97 feet; thence N62°14'33"E a distance of 45.31 feet; thence N27°45'27"W a distance of 74.84 feet; thence N62°14'33"E a distance of 77.97 feet to the true point of beginning; said parcel contains 0.447 acres, more or less.

Said Parcel "B" contains 3.30 acres, more or less.

Bearings in this description are rotated 0°55'33" clockwise from record bearings shown on the Replat of Lodge Sites 5 and 6, recorded July 7, 1997 at Reception No. 476638 of the records of Gunnison County, Colorado.