

PURCHASE AND SALE AGREEMENT

SIDNEY PEAK RANCH

Date: _____

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is executed by Sidney Peak Ranch Ltd. Liability Co., a Colorado limited liability company (“Seller”), and _____ (“Purchaser”), as joint tenants, tenants in common, or other _____.

1. **PROPERTY DESCRIPTION.** Seller agrees to sell and convey and Purchaser agrees to purchase and pay for the following described real property located in Routt County, Colorado (the “Property”), subject to the terms of this Agreement:

Lot _____, Sidney Peak Ranch, Filing No. 3, according to the Plat thereof recorded in the Routt County real property records at File No. 12832.

2. Sidney Peak Ranch (the “Project”) is defined as a planned community according to the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101, et seq. (“Act”). The Project is established by and subject to the plat of Sidney Peak Ranch recorded February 1, 2000 at File No. 12832 of the Routt County real property records (“Plat”) and the Declaration of Covenants, Conditions, Restrictions and Easements for Sidney Peak Ranch recorded September 6, 2000 at Reception No. 532781 in the Routt County real property records (“Declaration”). All Owners of Lots (as such terms are defined in the Declaration) within the Project are governed by and subject to such Plat and Declaration, the Articles of Incorporation, Bylaws, Design Guidelines, and Rules and Regulations for Sidney Peak Ranch Owners’ Association, Inc. (“Association”) and the Conservation Easement (as defined in Section 6.B. of this Agreement). Together all such documents are referred to herein as the Governing Documents (“Governing Documents”). Seller shall cause to be furnished to Purchaser, at Seller’s expense, on or before the Title Deadline a current copy of the Governing Documents and a copy of the Sidney Peak Ranch Owners’ Association, Inc. annual balance sheet, income and expenditures statement and the current year budget.

3. **PURCHASE PRICE.** The purchase price for the Property shall be \$ _____ (“Purchase Price”), payable as follows:

A. Earnest Money. Upon Purchaser’s execution of this Agreement, Purchaser shall pay to Seller ten percent (10%) of the Purchase Price, which is \$ _____, in cash or certified funds, as an earnest money deposit (“Earnest Money”). The Earnest Money is consideration for Seller agreeing not to sell the Property to anyone other than Purchaser prior to the date set for Closing (as defined below) or the date this Agreement is terminated as provided herein. The Earnest Money shall be deposited by Jonathan Melvin, Esq. in an independent interest bearing account, such interest to accrue to the benefit of the party who ultimately is entitled to the Earnest Money. At the closing of the purchase and sale under this Agreement (“Closing”), Purchaser will be credited toward payment of the Purchase Price with the Earnest Money.

B. Balance. Purchaser shall pay the balance of the Purchase Price, or \$ _____, as adjusted under Section 8 below, in cash or certified funds at the Closing.

4. CONTRACT CONTINGENCIES.

A. Legal Review. This Agreement is expressly contingent upon Purchaser's legal review of this Agreement and all documents referred to herein, including without limitation, copies of title exceptions listed in *Exhibit A* and the Governing Documents. If written notification of Purchaser's disapproval specifying items to be corrected or modified ("**Legal Review Objection**") or Purchaser's disapproval terminating this Agreement is not received by Seller by 5:00 p.m., local time, on the day falling **twenty one (21)** days after the Effective Date (as defined in Section 18.J. of this Agreement) of this Agreement ("**Legal Review Deadline**"), then this Agreement shall remain in full force and binding on all parties hereto and Purchaser shall be deemed to have waived all objections with respect to matters reflected in the Governing Documents and the title exceptions listed on *Exhibit A*. In the event that Purchaser submits to Seller a Legal Review Objection within the time specified, Purchaser and Seller shall have ten (10) business days in which to agree upon modification or correction of items in the Legal Review Objection. If written agreement regarding modification or correction of items in the Legal Review Objection is not reached prior to the end of such ten-day period or if Seller notifies Purchaser in writing prior to the end of such ten-day period that Seller cannot or will not correct such items, this Agreement shall terminate, unless the Legal Review Objection is otherwise waived or withdrawn in writing by the Purchaser. In the event that this Agreement is terminated as provided in this subsection, then the Earnest Money paid by Purchaser shall be returned to Purchaser and the parties shall have no further rights or obligations under this Agreement.

B. Financing. Financing terms and conditions, if any, are as noted on Exhibit B, Additional Provisions, which if attached, shall become incorporated into and made a part of this Agreement.

5. **TITLE**. At least **thirty (30) days** before Closing ("**Title Deadline**"), Seller, at its expense, will provide to Purchaser a title insurance commitment (the "**Commitment**") issued by a title insurance company of Seller's choice (the "**Title Company**") to insure the title to the Property in Purchaser's name for the amount of the Purchase Price. After the Closing, Seller, at its expense, will cause the Title Company to issue to Purchaser a standard ALTA title insurance policy (the "**Owner's Policy**") in conformance with the Commitment. Title will be marketable in Seller at the time of Closing, subject to the matters set forth in *Exhibit A*, attached hereto and made a part hereof, and the Governing Documents. If the Commitment discloses the existence of any defects in title, other than those set forth in *Exhibit A*, the Governing Documents, and the standard printed exceptions 1 through 6 appearing in the Commitment, and such defects render title to any portion of the Property unmarketable and the defects are not waived by Purchaser, Purchaser must give Seller written notice of the title defects within **ten (10) days** after receipt of the Commitment ("**Title Objection Deadline**"). If Purchaser fails to give Seller written notice of objection within such ten (10) day period, Purchaser shall be conclusively deemed to have accepted the title to the Property as reflected on the Commitment and waived all objections.

Seller will have **fifteen (15) days** after receipt of such notice ("**Seller's Correction Deadline**") in which Seller may elect to cure the defects and render title marketable or provide title insurance against the defects, and the Closing shall be postponed accordingly. If on or before the expiration of Seller's Correction Deadline, Seller fails to cure the defects or provide title insurance, Purchaser, as its sole remedy, may elect, within **five (5) days** after the end of the Seller's Correction Deadline or notification by Seller that Seller is unable or unwilling to remove or cure such defects, to: (a) terminate this Agreement, in which event the Earnest Money will be returned to Purchaser and neither party will have any further rights or obligations under this Agreement; (b) grant one or more additional periods of time within which Seller may continue to attempt to cure, remove or obtain title insurance protection against the exceptions; or (c) accept title with all defects as shown in the Commitment, without adjustment in the Purchase Price. If Purchaser fails to give timely notice of Purchaser's election within such five (5) day period, Purchaser will be deemed to have elected to accept title as shown in the Commitment and to have waived all defects.

Purchaser expressly relinquishes and waives any and all other remedies, claims, demands and causes of action at law or in equity against Seller for failure to deliver marketable title.

6. ASSOCIATION AND PROJECT MATTERS.

A. Membership in Association. Upon conveyance of the Property, Purchaser shall automatically become a member of the Association and shall be subject to all terms and obligations of the Governing Documents, including but not limited to obligations for assessments. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

B. Conservation Easement. Purchaser acknowledges that a Deed of Conservation Easement has been granted by the Seller to the Yampa Valley Land Trust, Inc. ("**Conservation Easement**") and that such conservation easement contains restrictions and prohibitions as to the use of portions of the Property and the Project. Purchaser shall acquire title to the Property, subject to the terms and conditions of such Conservation Easement. Purchaser shall be entitled to object to the Conservation Easement and terminate this Agreement, at any time on or before the Legal Review Deadline provided in Section 4. If no written objection is received by Seller prior to the Legal Review Deadline, Purchaser accepts title subject to the Conservation Easement as satisfactory.

C. Catamount Membership. Seller shall transfer to Purchaser, contemporaneously with the Closing, the right to obtain a Premiere Membership in Catamount Ranch and Club ("**Catamount Membership**"), in accordance with the Plan for the Offering of Memberships ("**Plan**"). Purchaser will have the right to acquire such Catamount Membership without payment of a membership deposit. Purchaser will, however, be responsible for all dues and ongoing fees related to the Catamount Membership, as further set forth in the Plan. The Plan governs all rights and obligations related to the Catamount Membership. Purchaser acknowledges that Purchaser is responsible for obtaining a current copy of the Plan.

D. Seller's Right to Amend. Seller reserves the right to amend the Governing Documents, pursuant to the terms and conditions outlined in each such document, at any time and from time to time, prior to the Closing as Seller may deem necessary to make any necessary corrections or to meet the requirements of applicable laws, governmental regulations, lending institutions and marketing programs, or so long as the amendments do not materially adversely affect the value of the Property. Purchaser acknowledges that Seller has reserved the right, at any time after Closing, to amend the Governing Documents for the purposes and under the conditions outlined in those documents.

E. Growing Crops. Any and all growing crops on the Property and any and all revenues derived therefrom shall be retained by and/or accrue to the benefit of the Association and/or its lessees or assigns.

F. Leases on and of the Common Agricultural Open Lands. Purchaser acknowledges and agrees to take title to the Property subject to any and all leases which may be in place on and of the Common Agricultural Open Lands (as such term is defined in the Declaration and as such lands are designated on the Plat). Any and all revenue from such leases shall accrue to the benefit of the Association. Seller hereby notifies Purchaser and Purchaser acknowledges that as of the date of this Agreement, there may be leases on the Property, including but not limited to leases for haying operations and grazing, and that haying operations and grazing rights have been leased on a seasonal basis, and have primarily been entered into with established ranchers.

G. Property and Project Improvements.

- i. All roads planned and approved for the Project have been constructed. The private roads have been paved. These private roads will be maintained at the cost and obligation of the Association. Routt County Road 39 traverses a portion of the Project and is a gravel road.
- ii. Electric distribution facilities have been installed within designated easements on or adjacent to the Property for the purposes of a service connection to the Property. The Seller shall only be responsible for providing a main line and a cubicle or pedestal for service connection to the Property. The location of such line and cubicle or pedestal may be changed from time to time at the discretion of the Seller and Yampa Valley Electric Association and/or assigns. Purchaser shall be responsible, at Purchaser's sole expense, for connection and installation of all service lines from the cubicle or pedestal to the improvements which may be constructed by Purchaser on the Property, and Purchaser shall be responsible for meeting all requirements, costs and expenses regarding connection of such lines, including the placement and installation of any electrical transformer required to service the improvements. Electric facilities were designed, installed and constructed in accordance with all local, state and federal rules and regulations.
- iii. Telephone service facilities have been installed within designated easements on or adjacent to the Property for the purposes of a service connection to the Property. The Seller shall only be responsible for providing a main line and pedestal for service connection to the Property. The location of such line and pedestal may be changed from time to time at the discretion of the Seller and Qwest and/or assigns. Purchaser shall be responsible, at Purchaser's sole expense, for connection and installation of all service lines from the pedestal to the improvements which may be constructed by Purchaser on the Property, and Purchaser shall be responsible for meeting all requirements, costs and expenses regarding connection of such lines.
- iv. Seller has constructed a central water treatment and distribution system ("**Water System**"), which includes a main water line for a service stub to connect to future improvements on the Property. Purchaser shall be responsible, at Purchaser's sole expense, for connection and installation of the service line from the service stub to the improvements which may be constructed by Purchaser on the Property, and Purchaser shall be responsible for meeting all requirements, costs and expenses regarding connection of such lines, including the installation of any pressure reduction valve, booster pumps, storage tanks, or other devices required by the Association through its Design Review Committee and the Design Guidelines. All connections to the Water System must be in compliance with the Declaration and the Design Guidelines. Purchaser agrees to carefully review the Declaration and Design Guidelines prior to design of a residence or other improvements to be built on the Property. Purchasers' cost of connection to the system will vary depending on various factors such as distance to the proposed improvements and number of plumbing fixtures to be installed. Purchaser must use an Association-approved contractor (Ed's Excavating or other approved contractor) to connect and tap into the main service line. Fire hydrants have been installed at locations throughout the Project; however, Purchaser acknowledges that Purchaser will be required to install an in-house fire suppression system in

the primary residence, when and if the residence is constructed. The Water System will provide adequate water for the normal and customary residential and domestic needs of the Project.

- v. Seller has constructed an Equestrian Center within the Project. Subject to the Rules and Regulations, a Horse Boarding Agreement to be entered into prior to occupancy, and payment by Purchaser of applicable fees, Purchaser shall be entitled to the use of one stall within the Equestrian Center. Subject to availability, and on a first-come, first-serve basis, Purchaser may lease additional stalls for Purchaser's use. Subject to the Rules and Regulations, Purchaser may sublet Purchaser's allotted stall to another Lot Owner.
- vi. Seller has completed construction of two ponds within the Project.
- vii. A bunkhouse, two (2) barns, a pump house, an emergency generator shed, hay storage sheds, loafing sheds, and various agricultural outbuildings and facilities have been constructed on the Bunkhouse Parcel, the Equestrian Center Parcel, and throughout the Project. The Bunkhouse Parcel and the Equestrian Center Parcel are described and shown on the Plat. Use of these and any other facilities located on Association property shall be in accordance with, and subject to, the Governing Documents.

Except as provided in Sections (i) – (vii) above, Seller shall not be obligated to construct or install any other improvements upon the Property or within the Project. All of the improvements complied with all applicable federal, state and local laws, ordinances, regulations and requirements in effect at the time of construction and installation.

H. Septic System. Purchaser shall be responsible for, at Purchaser's sole expense, design and construction of an engineered septic system and other sewage disposal facilities to serve the Property, which system must comply with all applicable federal, state and local laws, ordinances, regulations and requirements and be pre-approved by the Design Review Committee pursuant to the Design Guidelines.

I. Driveway. Purchaser shall be responsible, at Purchaser's sole expense, for design and construction of any driveway and placement of any culverts to access the Property from existing roads within the Project, and for all other improvements to be constructed or installed upon the Property, all of which must be pre-approved by the Design Review Committee pursuant to the Design Guidelines.

J. Water System. Purchaser shall be entitled to one connection or tap into the Water System. The Water System is owned, operated, maintained and managed by the Association. Purchaser shall be responsible for the design and construction of improvements connecting the Property to the Water System, including the costs of installing a meter vault, valves, water meter, and an owner service line from the main line to the improvements, in accordance with approvals obtained per the Design Guidelines. The Association will establish and publish a fee for connecting any property improvements to the Water System ("**Tap Fees**") and a schedule of fees to be charged water used on and at properties within the Project ("**User Fees**"). Tap Fees and User Fees will be charged to the Purchaser (and other property owners) as established from time to time by the Association.

No water rights shall be conveyed or transferred to Purchaser. However, the Declarant (as defined in the Declaration), Seller has convey to the Association, water rights sufficient to satisfy the demands of the domestic and agricultural needs of the Project. Seller hereby warrants that it, or the Association, will provide, or have adequate water rights for the operation of the Water System and for the

domestic and agricultural needs of the Project, between the date of Closing and the termination of the Declarant Control Period. This provision shall survive Closing.

K. Disclaimer. Except as specifically set forth herein, Purchaser acknowledges and agrees that the Property will be purchased in "AS-IS" condition and that Purchaser is purchasing the Property on the basis of Purchaser's own investigations and inspections. Purchaser acknowledges that neither Seller nor any salesman, broker, agent or employee of Seller has made any representation regarding the soils or other geologic conditions on the Property and has made no representations or warranties regarding the Property or any economic or tax benefits or other aspects of purchasing the Property. Purchaser acknowledges that Seller has no obligation to construct any improvements except as expressly set forth herein. Purchaser acknowledges that this Agreement is entered into by Purchaser without reliance on any warranties, statements or representations, either written or oral, express or implied, by Seller, or by any agent, employee or representative of Seller, or by any broker or other person purporting to represent Seller, and Purchaser warrants and represents that his/her decision to purchase hereunder is based solely on his/her own inspection of the Property and the Project and any independent investigation and evaluation of the merits of entering into this Agreement which Purchaser may have undertaken on his or her own volition. SELLER EXPRESSLY DISCLAIMS AND REPUDIATES ANY REPRESENTATION FROM ANY SOURCE REGARDING THE PROPERTY EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT.

L. Limitation on Liability and Notice Regarding Equine Activities. Seller notifies Purchaser and Purchaser acknowledges that equestrian activities are and will be conducted within the Project. Under Colorado law, the Colorado general assembly recognizes, among other things, that the state and its citizens derive numerous economic and personal benefits from such activities. It is, therefore, the intent of the general assembly to encourage equine activities by limiting the civil liability of those involved in such activities. An equine activity sponsor shall not be liable for an injury to or the death of a participant resulting from the inherent risks of equine activities, as more fully described and explained in Colorado Revised Statutes §13-21-119.

7. CLOSING.

A. Time and Location of Closing. The Closing shall occur on _____, at an hour and place in Routt County designated by Seller.

B. Closing Procedures. At the Closing, the parties shall take the following actions:

- i. Seller shall deliver to Purchaser an executed and acknowledged general warranty deed to the Property subject to those matters as set forth in Section 5 of this Agreement and any other title exceptions waived by Purchaser pursuant to Section 5;
- ii. Purchaser shall pay the balance of the Purchase Price as required by Section 3 above;
- iii. Seller shall release or make arrangements for the release of any deeds of trust or mortgages encumbering the Property (except any new deed of trust placed by Purchaser). Proceeds from Closing may be used by Seller to pay and settle debts necessary to obtain such releases;
- iv. The title company shall prepare and file a Form 1099-B with the Internal Revenue Service, if applicable under Section 6045(e)(2) of the Internal Revenue

Code, as amended and the title company will also prepare the real property transfer declaration required under Colo.Rev.Stat. §39-14-102, as amended from time to time;

- v. If requested, Seller shall deliver to Purchaser a certificate that Seller is not a non-resident alien as defined in the Internal Revenue Code and Treasury Regulations promulgated thereunder as necessary to comply with Section 1445 of the Treasury Regulations;
- vi. Seller agrees to execute necessary documents and to comply with requirements of the State of Colorado relating to the withholding of any of the proceeds of the Purchase Price; and
- vii. Purchaser and Seller shall execute and deliver such other documents and take such other actions as may be necessary to accomplish the Closing and carry out their obligations under this Agreement.

C. Closing Costs. Purchaser agrees to pay the documentary fee on the deed conveying the Property and the fee for recording that deed, and any closing costs and fees required or charged by a lending institution providing financing. If, at the request of Purchaser, the Closing is held in a place other than Routt County, Colorado, Purchaser shall pay at Closing all costs of whatever kind or nature incurred by Seller or its agents in accommodating Purchaser, including without limiting the generality of the foregoing, all costs of any courier service or postage. Seller and Purchaser agree to pay all other costs associated with the Closing which are customarily paid by sellers and purchasers in similar transactions in Routt County, Colorado, including, without limitation, one-half (1/2) each of the title company's closing fee.

8. ADJUSTMENTS. The following items shall be adjusted as of the date of Closing:

A. Taxes and Assessments. Real property taxes and assessments for the year of Closing, based upon the most current assessment and levy, and all assessments imposed on the Project or the Property by any governmental, quasi-governmental or private entity, including, without limitation, those of any applicable water and sanitation district, shall be apportioned to the date of Closing. If real property taxes have not been assessed specifically to the Property, Seller may reasonably estimate the amount of such taxes attributable to the Property which estimate shall be apportioned to the date of Closing and shall be considered a final settlement.

B. Association Reserves. At Closing, Purchaser shall make a non-refundable payment to: (1) the Association's Capital Reserve Fund in an amount equal to six (6) months general common expense assessment; and (2) the Association's Operating Reserve Fund in an amount equal to three (3) months general common expense assessment. Annual Common Expense Assessments shall be apportioned and pro-rated to the date of Closing.

9. POSSESSION. Purchaser will have possession of the Property upon completion of the Closing. After Purchaser takes possession, portions or phases of the Project may remain uncompleted. Seller and its agents, contractors and employees will have the right to enter on the Project as necessary to complete the Project, and Purchaser acknowledges that construction activities may take place on the site after Purchaser takes possession of the Property. Seller and its agents, contractors and employees will take reasonable measures relative to the safety of Purchaser and Purchaser's lessees, guests and invitees. Purchaser acknowledges that Purchaser's possession will constitute Purchaser's agreement that Purchaser, Purchaser's family and invitees will remain outside of any fenced or posted construction areas and any

other areas in which work is being performed pending completion of the Project. Purchaser waives and releases all claims, and will indemnify and hold harmless Seller and its agents, contractors and employees from and against any and all loss or liability, on account of any entry by Purchaser or such other person, provided such loss or liability is not a result of gross negligence or willful misconduct by Seller, its agents, contractors or agents or employees of contractors. The terms and covenants of this Section 9 will survive the Closing. Further, the terms and covenants of this Section 9 are supplemental to and are not substituted for the covenants, conditions and restrictions set forth in the Declaration.

10. RISK OF LOSS; CASUALTY. Seller shall bear the risk of loss to the Property until the Closing. After Closing, Purchaser shall bear all such risk of loss.

11. PERFORMANCE; DEFAULT.

A. Time of the Essence. Time is of the essence with regard to the performance of the obligations of Seller and Purchaser under this Agreement. If the date for any such performance falls on a Saturday, Sunday, or banking holiday, the date of performance shall be extended to the next regular business weekday.

B. Default by Purchaser. If Purchaser defaults in the performance of its obligations, Seller shall have the following remedy:

Seller shall terminate this Agreement, in which event, the Purchaser shall forfeit the Earnest Money, and Seller shall be entitled to the Earnest Money, including any interest thereon, and both parties shall thereafter be released from all obligations hereunder. It is agreed that such payments are liquidated damages, the parties further agreeing that Seller's actual damages may be difficult to ascertain, and that the amount of the payment is not a penalty, but reasonably approximates the damages Seller would sustain in the event of a default by Purchaser. This shall be Seller's only remedy for Purchaser's failure to perform the obligations of this Agreement. Seller expressly waives the remedies of specific performance and additional damages.

However, damages arising from any claim for mechanics' liens resulting from work or materials ordered and performed at the request of Purchaser, may be recoverable by Seller in a separate action for such damages. If Seller terminates this Agreement following a default by Purchaser, and if, at the time of Seller's exercise of that remedy, there remains outstanding and unpaid any invoice for work and/or materials benefiting the Property and ordered by Purchaser, then Seller shall have the right, in addition to any other rights and remedies reserved or allowed for Seller under this Agreement or by law, to pay those invoices to ensure that no mechanic's or materialman's lien will be imposed against the Property and to charge Purchaser for all amounts so paid by Seller. Any amounts paid by Seller for such work or materials will bear interest at an annual rate equal to twenty percent (20%), beginning the fifth day after Seller gives written notice to Purchaser of the amount paid by Seller and due from Purchaser. This provision shall survive the termination of this Agreement.

C. Default by Seller. If Seller defaults in the performance of its obligations under this Agreement, Purchaser may elect either of the following remedies:

- i. Purchaser may terminate this Agreement, in which event, Purchaser shall be entitled to a return of the Earnest Money, including any interest thereon; or
- ii. Purchaser may bring an action against Seller for specific performance.

Purchaser specifically and expressly waives the remedy of damages.

D. Attorneys' Fees. Should any action be brought to enforce or interpret this Agreement, the prevailing party in such action shall be entitled to receive from the other party all reasonable costs and expenses, including reasonable attorneys' fees (and reasonable fees of legal assistants), incurred by the prevailing party in such action. For the purposes of this Section, the term "prevailing party" shall include a party who withdraws a claim in consideration for payment allegedly due or performance allegedly owed or other consideration in substantial satisfaction of the claim withdrawn.

12. NOTICES. All notices or deliveries required under this Agreement shall be hand-delivered or given by facsimile transmittal, regular mail, or overnight courier directed to the telecopier number or address of Purchaser and Seller set forth under their signatures with a copy to the Listing Broker and Selling Broker. All notices so given shall be considered effective, if hand-delivered, when received; if delivered by facsimile transmittal, upon telephone confirmation of receipt; if delivered by courier, one (1) business day after timely deposit with the courier service, charges prepaid; or if mailed, two (2) days after deposit, first class postage prepaid, with the United States Postal Service. Either party may change the address to which future notices shall be sent by notice given in accordance with this Section. Any such change of address notice to Purchaser shall be considered effective when received, as provided herein, by Purchaser or Selling Broker and any notice to Seller shall be considered effective when received, as provided herein, by Seller or Listing Broker.

13. ASSIGNMENT. This Agreement is personal to Purchaser, and Purchaser may not assign this Agreement without the prior written consent of Seller, given or withheld in Seller's sole and absolute discretion. Any purported assignment of this Agreement without Seller's written consent shall be *void ab initio* and shall place Purchaser in default under Section 11 above, at the option of Seller. Seller's refusal to consent to an assignment of this Agreement shall not entitle Purchaser to terminate this Agreement or give Purchaser any rights or claims for damages against Seller.

Seller may assign its rights and delegate its duties under this Agreement without Purchaser's consent. Purchaser acknowledges that upon any such assignment of this Agreement by Seller, Seller shall be discharged and released of and from all liability and obligations under this Agreement and Purchaser agrees to look solely to the third party assignee for performance of Seller's obligations hereunder. If any assignment by Seller (or its successors or assigns) shall be for the purpose of securing a lender to Seller (or its successors or assigns), Purchaser's rights under this Agreement shall, at the option of such lender, be subject and subordinate to the rights of such lender. In the event of a conflict between this Section and any other section of this Agreement, this Section shall prevail.

14. RECORDING OF AGREEMENT. If at any time before Closing Purchaser causes this Agreement or any memorandum, affidavit or other instrument (other than a *lis pendens*) which makes reference to this Agreement to be recorded in the real property records of Routt County, Colorado, then Seller, at Seller's sole election, may deem Purchaser in default and exercise its remedies pursuant to Section 11 above. In addition, Purchaser, upon demand, will execute and deliver such documents as Seller may reasonably request to remove any cloud of title on the Property.

15. REPRESENTATIONS, WARRANTIES AND UNDERSTANDINGS OF PURCHASER.

A. No Investment Representations. Purchaser acknowledges that neither Seller nor any of its agents or employees has made any warranties or representations upon which Purchaser has relied concerning the investment value, the possibility or probability of profit or loss, or the tax consequences which may result from the purchase of the Property.

B. Acknowledgment. Further, Purchaser acknowledges that Seller has advised Purchaser to obtain legal counsel to review all aspects of the transaction contemplated by this Agreement, and to represent Purchaser in connection with the examination of title and the Closing.

C. Corporations, Partnerships, Limited Liability Companies and Other Entities, Liability and Due Authorization.

- i. Corporations. If Purchaser is a corporation, Purchaser shall deliver to Seller at or prior to Closing a copy of a resolution of Purchaser, duly adopted and certified by the secretary of Purchaser as required by the laws of the state of Purchaser's incorporation, authorizing the purchase of the Property, together with all trade name affidavits and other documents required by Colorado law to enable Purchaser to hold title to the Property. Purchaser represents that at Closing Purchaser will be in good standing and authorized, as necessary, to conduct its business in Colorado.
- ii. Partnership, Limited Liability Company or Other Entity. If Purchaser is a partnership, limited liability company or other legal entity, Purchaser shall deliver to Seller at or prior to Closing a copy of any approval required by Purchaser's organization documents, certified by the appropriate representative of Purchaser, together with all registration forms, trade name affidavits, and other documents required to be filed in the office of the Colorado Secretary of State, the Colorado Department of Revenue, the Routt County Clerk and Recorder, or otherwise required under Colorado law to enable Purchaser to hold title to the Property. Purchaser represents and warrants that at Closing Purchaser will be in good standing and authorized, as necessary, to conduct its business in Colorado.
- iii. Joint and Several Liability. If Purchaser is comprised of two or more parties, they shall be jointly and severally obligated under this Agreement.
- iv. Due Authorization. If Purchaser is an entity, the person executing this Agreement personally represents and warrants to Seller that he is duly authorized to execute this Agreement on behalf of such entity and this Agreement represents the binding obligation of such entity, enforceable in accordance with its terms.

16. NOTICE REGARDING SOILS CONDITIONS. Purchaser is advised to investigate the soils condition on the Property. Purchaser acknowledges and understands that soils within the State of Colorado, including the area in which the Property is located, consist of both expansive soils and low density soils which may result in shifting or other movement of the foundation of, or otherwise result in damage to the structural or other parts of, residential or other improvements constructed on the Property. SELLER MAKES NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO SOIL CONDITIONS.

17. SPECIAL DISTRICT ACKNOWLEDGMENT. By executing this Agreement Purchaser acknowledges the following:

SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND EXCESSIVE TAX BURDENS TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE

RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASER SHOULD INVESTIGATE THE DEBT FINANCING REQUIREMENTS OF THE AUTHORIZED GENERAL OBLIGATION INDEBTEDNESS OF SUCH DISTRICTS, EXISTING MILL LEVIES OF SUCH DISTRICT SERVICING SUCH INDEBTEDNESS, AND THE POTENTIAL FOR AN INCREASE IN SUCH MILL LEVIES.

18. MISCELLANEOUS.

A. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Purchaser and Seller and their respective heirs, personal representatives, successors and permitted assigns.

B. Force Majeure. The time required hereunder for any obligations imposed upon Seller will be extended for any delays beyond Seller's control, including, but not limited to, delays caused by weather, inability to obtain materials, labor shortages, strikes, acts of God, governmental regulations, contractor's breaches of contract and court orders.

C. Entire Agreement. This Agreement, together with any exhibits or documents referred to in or supplied pursuant to the terms of this Agreement, contains the entire agreement between the parties and may not be modified in any manner except by an instrument in writing signed by all parties. Any prior agreements pertaining to the Property, whether oral or written, have been merged and integrated into this Agreement.

D. Governing Law. This Agreement shall be construed under the provisions of Colorado law without giving effect to its conflict of laws provisions.

E. Number and Gender. The term "Purchaser" in this Agreement, or any pronoun used in place of that term, shall include the masculine, feminine, singular, plural, individuals, partnerships or corporations where applicable.

F. Severability. If any terms, covenants or provisions of this Agreement shall be illegal or unenforceable for any reason, the same shall not invalidate any other term, covenants or provisions, and all of the remaining terms, covenants and provisions shall remain in full force and effect.

G. Counterparts. This Agreement may be signed in counterparts and when at least one counterpart has been signed by each of the parties hereto, such counterparts, when taken together shall constitute one and the same agreement and this Agreement shall be deemed legally binding.

H. IRC 1031 Exchange. Seller agrees to reasonably cooperate with Purchaser in connection with any tax free exchange regarding the Property, provided that such cooperation and exchange do not result in any additional cost or liability to Seller or delay Closing.

I. Facsimile. This Agreement and signatures thereto may be transmitted by facsimile and all parties agree that their signatures as transmitted by facsimile shall be binding as if they were original signatures. Each party agrees to provide the other with original signatures upon reasonable request.

J. Effective Date. The "**Effective Date**" of this Agreement shall be the later of the dates on which Seller and Purchaser execute this Agreement, as evidenced by the date following Seller's signature.

K. HUD, FHA, VA. The Project has not been approved by HUD, FNMA, VA, FHA, or any other similar entities, and Seller has made, and will make no representations that Seller will seek any such approvals.

L. Colorado State Water Decrees. Water services to the Project are regulated by water decrees which have been entered by the State of Colorado Water Court. Among other things, the water decrees limit the square footage of irrigated lawn, gardens and landscaping on the Property, and all other property within the Project. Purchaser agrees to be bound by all provisions of any such water decrees, now and hereafter affecting the Property and the Project.

M. Ranching Operations. Purchaser acknowledges that a portion of the Project, and portions of other properties in close proximity to the Project, are and will be operated as working ranches, and as such, certain activities, including but not limited to, the cultivation, irrigation and production of hay and the raising of livestock, occur in, around and on such working ranches, including portions of the Project.

19. ADDITIONAL PROVISIONS. If the following box is checked, this Agreement includes an Exhibit B, which contains Additional Provisions that are attached hereto and made a part hereof.

A. Exhibit B is attached, or Exhibit B is NOT attached.

B. Seller shall cause the Title Company to commit to delete or insure over the first seven (7) exceptions (the "Standard Exceptions"). Any additional coverage shall be paid by Seller.

C. Purchaser intends to obtain, at Purchaser's expense, soils test report with respect to foundation construction on the Property and with respect to percolation and ability to construct a septic leach field on the Property (the Soil Report). Purchaser shall order such Soils Reports within three (3) business days after full execution of the Contract. Within five (5) business days after Purchaser and Seller receives such written Soils Reports, Purchaser may give written notice of unsatisfactory soils conditions to Seller, thereby terminating this Contract. In the event this Contract is so terminated, then the Earnest Money paid by Purchaser shall be returned to Purchaser and the parties shall have no further rights or obligations under this Agreement.

20. AGENCY DISCLOSURE. Purchaser acknowledges that the Listing Broker, **Sidney Peak Ranch Properties, LLC**, and its sales agents ("**Listing Company**") are acting as **Seller's Agent** in this matter. Purchaser further acknowledges that the Listing Company is not acting as an agent for Purchaser. Purchaser represents and warrants to Seller that the Listing Broker and the cooperating broker, if any, have previously disclosed to Purchaser that they are not acting as an agent or subagent of Purchaser. BY SIGNING BELOW, PURCHASER ACKNOWLEDGES PRIOR TIMELY NOTICE BY LISTING COMPANY THAT LISTING COMPANY IS ACTING AS SELLER'S AGENT.

The Selling Broker : _____, is acting as Buyer's Agent; Seller's Agent;

Transaction Broker in this transaction.

21. BROKERS' COMPENSATION DISCLOSURE. The undersigned Broker(s) acknowledges receipt of the Earnest Money and agrees to deposit the Earnest Money according to the terms hereof. Selling Broker's compensation or commission is to be paid by Seller. Listing Broker's compensation or commission is to be paid by Seller.

22. NOTICE OF ACCEPTANCE. Unless this Agreement is signed and dated by Purchaser and returned with the Earnest Money deposit to Seller for acceptance by Seller on or before 5:00 p.m., Mountain Standard Time, on _____ (“**Acceptance Deadline**”), this document shall be considered to be a proposal only and shall automatically expire; provided, however, that if it is signed by Purchaser and returned with the Earnest Money deposit to Seller after the Acceptance Deadline, Seller may, in its sole and absolute discretion, accept and enter into this Agreement by signing and returning a copy to Purchaser.

(balance of page intentionally left blank)

EXECUTED on the dates shown below.

SELLER:

Sidney Peak Ranch Ltd. Liability Co.,
a Colorado limited liability company

By: _____
Rod Hanna, President & CEO

Date: _____

Address: 3001 South Lincoln Ave., Suite E
Steamboat Springs, CO 80487
970.879.1940

PURCHASER:

Date: _____

Date: _____

Address: _____
(for tax notice) _____

Phone No.: _____

Fax No. _____

Please provide Social Security No. or FEIN here, or in the alternative, directly to Jonathan Melvin, Esq., for purposes of opening, and reporting interest earned on, the Earnest Money account:

Social Security Number or FEIN

BROKER ACKNOWLEDGEMENT:

Listing Broker: Beth Postemski
Sidney Peak Ranch Properties, LLC

Selling Broker: _____
Company: _____

435 Lincoln Avenue
Steamboat Springs, CO 80487
Phone: 970.871.0141
Fax: 970.871.0142

Address: _____

Phone: _____

Fax: _____

By: _____

By: _____

EXHIBIT A

Title Exceptions

1. Unpatented mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof, water rights, and claims or title to water.
2. Rights or claims of parties in possession not shown by the public records.
3. Easements, or claims of easement, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the property would disclose and which are not shown by the public records.
5. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
7. Any and all unpaid taxes and assessments.
8. Patent reservations to the State of Colorado for all coal and other minerals, in Book 183 at Page 372 and at Page 523.
9. Patent reservation for rights of a proprietor of a vein or lode to remove ore, and for ditch and canal right of ways in Book 15 at Page 159, in Book 28 at Page 187, 220, 429 and 616, in Book 49 at Page 253, in Book 64 at Page 61 and 312, and in Book 77 at Page 65.
10. Underground Water Line Crossing Agreement in Book 445 at Page 426.
11. Notes, provisions, and easements shown on the recorded plat at File No. 12832. Conveyance to homeowners' association at Reception No. 533306.
12. Conservation Easement granted to Yampa Valley Land Trust, Inc., recorded at Reception No. 532780.
13. Declaration of Covenants, Conditions, Restrictions and Easements for Sidney Peak Ranch recorded at Reception No. 532781.

EXHIBIT B
Additional Provisions

**Attached to, incorporated in, and made a part of the Purchase and Sale Agreement
for Lot _____, Sidney Peak Ranch, Filing No. 3**

1. **Financing.** This Agreement is expressly contingent upon Purchaser obtaining, on or before thirty (30) days from the Effective Date of this Agreement, a loan commitment from a lender selected by Purchaser for financing of a portion of the Purchase Price, of an amount no greater than \$ _____, at an initial interest rate not to exceed _____ percent per annum on the unpaid principal balance, on terms and conditions satisfactory to Purchaser. The Purchaser shall use best efforts and proceed with due diligence to obtain such financing. In particular, the Purchaser shall promptly and diligently (i) make application for financing; (ii) execute all documents and furnish all information and documents required by the lender; and (iii) pay the customary costs of obtaining such loan. If written notification of Purchaser's failure to obtain financing on the terms set forth above is not received by Seller by 5:00 p.m., local time, on the day falling **thirty (30) days** after the Effective Date of this Agreement ("**Financing Deadline**"), then this Agreement shall remain in full force and binding on all parties hereto and this financing contingency shall be deemed to have been waived. In the event that this Agreement is terminated as provided herein, then the Earnest Money paid by Purchaser shall be returned to Purchaser and the parties shall have no further rights or obligations under this Agreement.

SELLER:

Sidney Peak Ranch Ltd. Liability Co.,
a Colorado limited liability company

By: _____
Rod Hanna, President & CEO

PURCHASER:
