



LOT SALES AGREEMENT

PROSPECT AT MT. CRESTED BUTTE, GUNSIGHT CROSSING

THIS LOT SALES AGREEMENT (the "Agreement") is dated the _____ day of _____, 200__, at the Town of Mt. Crested Butte (the "Town"), Gunnison County, Colorado as follows:

1. SELLER: The Seller is:

PROSPECT DEVELOPMENT COMPANY, INC., a Colorado corporation, hereafter termed "Seller."

2. PURCHASER: The Purchaser is:

() in joint tenancy () as tenants in common hereafter termed "Purchaser."

3. LOT TO BE PURCHASED: Seller agrees to sell and Purchaser agrees to purchase, under the terms and conditions hereafter set forth, the following described real property (the "Lot") situate in the Town of Mt. Crested Butte, County of Gunnison, Colorado:

Lot E-____, Prospect at Mt. Crested Butte, Phase 4, according to the plat filed February 28, 2006 at Reception No. 563222.

Town of Mt. Crested Butte,
County of Gunnison,
State of Colorado.

4. PURCHASE PRICE: The purchase price (the "Purchase Price") of the Lot is:

\$ _____
(United States Dollars)

5. METHOD OF PAYMENT: The Purchase Price of the Lot shall be paid by Purchaser to Seller in the following manner:

5.1 \$ _____, in good funds, on the Effective Date as an earnest money deposit (the "Earnest Money Deposit") payable to and to be held by Gunnison County Abstract Company, or such other closing agent designated by Seller (the "Closing Agent"). The Closing Agent will hold the Earnest Money Deposit in an interest-bearing escrow account until the Closing Date or earlier termination of this Agreement in accordance with the terms and conditions of this Agreement. All interest earned on the Earnest Money Deposit while deposited in the escrow account will accrue to the benefit of Purchaser and will either be credited toward payment of the Purchase Price at Closing or will be paid to Purchaser upon earlier termination of this Agreement unless such termination is due to Purchaser's default, in which event Seller shall be entitled to the remedies of Seller set forth in Paragraph 19.

5.2 \$ _____, in good funds, the balance of the Purchase Price, on the Closing Date, as set forth in Paragraph 6.1, as adjusted by any prorations to be made at Closing in accordance with this Agreement.

6. DATE OF CLOSING AND DATE OF POSSESSION.

6.1 The date of the closing, at which time Purchaser acquires title to the Lot (the "Closing"), shall be:

6.2 Seller and/or Closing Agent reserves the right to extend the Closing Date for a period of time not exceeding ten (10) Business Days if required due to processing or mail delays or for other similar reasons.

6.3 In all events, the Closing Date pursuant to this Paragraph 6 will not be later than the 180th day after the date on which Seller and Purchaser enter into this Agreement.

6.4 The Closing Date shall be the date of possession. Purchaser acknowledges that access to the Lot may be subject to temporary inconveniences due to construction and other activities of Seller and of other lot owners, builders and developers within the Project.

6.5 The place of Closing shall be the offices of the Closing Agent, unless the parties otherwise mutually agree.

6.6 It is agreed that the Closing Agent, as the issuing agent for Tigor Title Insurance Company, is the designated closing agent for the Closing, and in such capacity, the Closing Agent shall prepare all settlement statements and related closing documents, shall receive and disburse all funds and documents at the Closing and shall record all required documents to allow the

Closing Agent to issue an owner's policy of title insurance in accordance with Paragraph 8.

6.7 At the Closing, Seller will deliver to Purchaser an affidavit that Seller is a non-foreign transferor as defined in the Internal Revenue Code and Treasury Regulations promulgated thereunder as necessary to comply with Section 1445 of the Internal Revenue Code.

6.8 Purchaser and Seller will 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.

7. GENERAL WARRANTY DEED. On the Closing Date, Seller shall execute and deliver to the Purchaser a General Warranty Deed (the "Deed"), in the Colorado statutory form, conveying marketable title to the Lot free and clear of all liens and encumbrances, subject only to the following exceptions (the "Permitted Exceptions"):

7.1 Amended Exchange Agreement between Crested Butte Mountain Resort, Inc., and the United States of America recorded November 18, 1998 at Reception No. 488698;

7.2 Reservations and exceptions contained in the United States Patent recorded November 18, 1998 at Reception No. 488713;

7.3 Raw Land Trail Easement to the United States of America recorded November 18, 1998 at Reception No. 488715 as set forth in the Plat recorded February 28, 2006 at Reception No. 563216;

7.4 Ordinance No. 1, Series 2001, of the Town annexing the property into the Town recorded May 21, 2001 at Reception No. 510801;

7.5 The effect of the Plat of the East Trade Parcel of the Town of Mt. Crested Butte recorded May 21, 2001 as Reception No. 510802;

7.6 The Annexation and Development Agreement for Prospect at Mt. Crested Butte recorded May 21, 2001 at Reception No. 510805, the Amendment thereto recorded May 23, 2002 as Reception No. 520620; and the Second Amendment thereto recorded October 7, 2002 as Reception No. 524489, and the Third Amendment recorded May 24, 2005 at Reception No. 553886;

7.7 Order of Inclusion of the Lot within the Mt. Crested Butte Water and Sanitation District recorded June 19, 2001 at Reception No. 511658;

7.8 Consolidated Service Plan for Reserve Metropolitan District No. 1 and Reserve Metropolitan District No. 2 recorded September 6, 2001 at Reception No. 513960;

7.9 Order for Inclusion within the Reserve Metropolitan District No. 2 recorded April 26, 2002 as Reception No. 519993 and the Order and Decree recorded September 6, 2001 as Reception No. 513962 and Order recorded June 20, 2002 as Reception No. 521283;

7.10 Conservation Easement Covenant for Prospect at Mt. Crested Butte recorded July 15, 2002 as Reception No. 521965;

7.11 Irrevocable License Agreement recorded July 15, 2002 as Reception No. 521966;

7.12 PUD III Guide to the Planned Unit Development Plan for Prospect at Mt. Crested Butte recorded July 15, 2002 as Reception No. 521967;

7.13 Memorandum of Understanding Prospect at Mt. Crested Butte between the Town of Mt. Crested Butte and Reserve Metropolitan District No. 1 recorded July 15, 2002 as Reception No. 521968;

7.14 Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte recorded July 15, 2002 as Reception No. 521969 and the First Amendment to Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte recorded March 1, 2004 as Reception No. 539405 and assignment of Declarant Rights recorded March 1, 2004 at Reception No. 539412 ("Master Declaration");

7.15 Declaration of Covenants, Conditions and Restrictions for Prospect at Mt. Crested Butte recorded July 15, 2002 as Reception No. 521970; and assigned at Reception Nos. 539413 and 547554, and 563219 and amended March 30, 2005 at Reception No. 552220, Second Amendment recorded April 1, 2005 at Reception No. 552317, and Third Amendment recorded February 28, 2006 at Reception No. 563223 ("Prospect Declaration");

7.16 Raw Land Road Easement from CBMR Real Estate, LLC, a Colorado limited liability company to the United States of America recorded July 19, 2002 as Reception No. 522090 as set forth in the Plat recorded February 28, 2006 at Reception No. 563216;

7.17 Easement Agreement between Mr. Crested Butte Water & Sanitation District and CBMR Real Estate, LLC, recorded February 9, 2005 as Reception No. 550743 and Amendment recorded September 8, 2005 as Reception No. 557956;

7.18 The Design Guidelines for Prospect at Mt. Crested Butte Mt. Estates, as amended;

7.19 The Subdivision Plat describing the Lot filed February 28, 2006 at Reception No. 563222 (the "Plat")

7.20 The Subdivision Improvement Agreement recorded February 28, 2006 at Reception No.563225;

7.21 The Ski Operations Easement Agreement recorded July 15, 2002 at Reception No. 521972 and the Supplement to Ski Operations Agreement recorded February 28, 2006 at Reception No. 563224 affecting Open Space I-2, Open Space L, Open Space M, Open Space N and Open Space O.

7.22 Any and all taxes, fees, assessments or charges by reason of the inclusion of the Lot within any special districts or metropolitan districts;

7.23 Water rights, claims or title to water; and

7.24 Real property taxes and assessments for the year of closing and all subsequent years.

8. TITLE INSURANCE. Within ten (10) Business Days after the date of execution of this Agreement, Seller shall deliver to the Purchaser a commitment for title insurance (the "Commitment") issued by the Closing Agent, which Commitment shall agree to insure the marketability of title of the Lot in the amount of the Purchase Price according to the conditions and requirements set forth therein. Such Commitment shall show title to be marketable in the Seller, free and clear of any liens and encumbrances, subject only the following:

8.1 The items set forth in Paragraphs 7.1 through 7.24 of this Agreement (the "Permitted Exceptions").

8.2 The standard printed exceptions as contained in an ALTA Owner's Policy of Title Insurance issued by the Closing Agent, which typically include, without limitation, the following:

8.2.1 Rights or claims of parties in possession not shown by the public records.

8.2.2 Easements, or claims of easements, not shown by the public records.

8.2.3 Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any fact which a correct survey and inspection of the premises would disclose and which are not shown by the public records.

The Closing Agent shall delete Paragraphs 8.2.1, 8.2.2 and 8.2.3 from the Owners Title Policy to be issued to Purchaser if Purchaser provides the Closing Agent a sufficient survey or improvement location certificate for the lot.

8.2.4 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.

At the Closing, Seller will sign an indemnity to the Closing Agent allowing the Title Policy to be issued to Purchaser without exception for any such liens arising under or caused by Seller.

8.2.5 Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date of the Commitment but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.

Pursuant to Colorado law, this exception will not appear on the Title Policy because the Closing Agent will record the Deed and other documents required for the Closing.

8.2.6 Taxes and assessments which are a lien or are now due and payable; any tax, special assessment, charge or lien imposed for or by any special taxing district or for water and sewer service; any unredeemed tax sales.

Such exception is subject to the following:

8.2.6.1 At or prior to the Closing, the exception set forth in this Paragraph 8.2.6 shall be modified by endorsement to read substantially as follows: "Real property taxes and assessments for the year of closing and subsequent years, a lien, not yet due and payable."

8.2.6.2 The obligation for the proration of payment of taxes and assessments for the year of the Closing is set forth in Paragraph 9 of this Agreement.

8.3 The requirement of a Deed from Seller to Purchaser.

8.4 A release of any deed of trust or real estate mortgage encumbering the Lot, which shall be released of record prior to the recording of the Deed to Purchaser.

In the event Purchaser does not receive all of the title exception documents referenced in the Commitment, the Closing Agent shall, upon request, furnish Purchaser legible copies of all of the documents listed as exceptions in the Commitment, such request to be made not later than five (5) days after Purchaser's receipt of the Commitment.

Purchaser shall have ten (10) days from the date of receipt of the Commitment to examine the Commitment and give written notice to Seller of any

objection by Purchaser to any title matters that render title to the Lot unmarketable, other than the Permitted Exceptions. If Purchaser does not give such notice to Seller, Purchaser shall be deemed to have accepted the status of title as set forth in the Commitment. If Seller receives notice from Purchaser as to the unmarketability of title as above provided, Seller may, but will not be obligated to, cure or correct such defects to the marketability of title or obtain an appropriate endorsement to the Commitment to obtain title insurance coverage as to such defect or exception in accordance with the requirements of this Agreement on or before the Closing Date. If Seller is unable or unwilling to remove or cure such defects or exceptions to title on or before the Closing Date to the satisfaction of the Purchaser, then this Agreement shall terminate and the Earnest Money Deposit shall be immediately refunded to Purchaser by the Closing Agent; provided, however, that Purchaser may, by written notice to Seller within ten (10) days of the date Seller advises Purchaser of inability or unwillingness to remove or cure such defects or exceptions, waive any objections as to any defect or exception to title and proceed to close the transaction contemplated by this Agreement. If Purchaser waives its objection to any exception to the marketability of title, the exception shall be considered a Permitted Exception for all purposes under this Agreement.

Within twenty (20) Business Days after the Closing Date, or as soon as reasonably practicable thereafter, the Closing Agent shall deliver to Purchaser an owner's title insurance policy insuring title to the Lot in Purchaser in the amount of the Purchase Price and in accordance with the Commitment and the provisions of this Agreement (the "Title Policy").

9. TAXES AND ASSESSMENTS.

9.1 Generally. On or before the Closing Date, Seller shall cause the Closing Agent or other appropriate party to provide to Purchaser a current certificate of taxes due issued by the County Treasurer of Gunnison County, Colorado. Real property taxes for the year of the Closing, based upon the most current assessed valuation and levy, and all assessments imposed on the Lot by any governmental, quasi-governmental or private entity, including without limitation, any special districts and the Associations (but excluding the real estate transfer assessment described in Paragraph 9.2 below), will be apportioned to the Closing Date. If real property taxes and assessments have not been assessed specifically to the Lot in the prior year so that Seller is prevented from referring to such information as the most current assessed valuation and levy, Seller may reasonably estimate the amount of such taxes and assessments attributable to the Lot, which estimate will be apportioned to the Closing Date. The adjustment of real property taxes and assessments made at Closing will be considered a final settlement.

9.2 Real Estate Transfer Assessment. The Master Association (as defined in Paragraph 12) will levy a real estate transfer assessment on the sale of the Lot to Purchaser in the amount of two percent (2%) of the Purchase Price. Such real estate transfer assessment shall be paid at the Closing by Seller.

10. CLOSING FEES AND EXPENSES.

10.1 Seller agrees that it shall pay all fees and expenses for (a) the premium for the Title Policy; (b) any real estate commissions due and payable by Seller as a result of this sale; (c) all attorneys' fees, costs and expenses incurred by Seller to close the transaction contemplated by this Agreement, including the preparation of the Deed and any other documents required to be furnished by Seller; and (d) one-half of all fees charged by the Closing Agent to close the transaction contemplated by this Agreement;

10.2 Purchaser agrees that he or she shall pay all fees and expenses for (a) the recording of the Deed; (b) the required documentary fee in accordance with Colorado law; (c) one-half of all fees charged by the Closing Agent to close the transaction contemplated by this Agreement, not to exceed a total fee of \$250.00; and (d) all attorneys' fees or other professional fees incurred by Purchaser.

11. PLANNED COMMUNITY. The Lot is a part of a planned community known as "Prospect at Mt. Crested Butte," which has been established under and subject to the documents set forth in Paragraph 7.1 through 7.21 above (the "Project Documents").

Prospect at Mt. Crested Butte will be developed in one or more phases pursuant to the Project Documents. Purchaser acknowledges that the zoning and development controls for the Lot and the other lots in Prospect at Mt. Crested Butte are established and governed by the Project Documents, including the PUD III Guide and the Design Guidelines. Seller may replat portions of Prospect at Mt. Crested Butte, other than those portions within Phase 4, prior to or after the Closing, but any such replat will not affect the configuration of the Lot. In addition, at any time before or after the Closing, Seller may change the location, area or configuration of lots outside of Phase 4 that are planned but not yet developed in Prospect at Mt. Crested Butte; provided, however, that any such change will not significantly and adversely affect Purchaser's use and enjoyment of the Lot.

12. OWNERS ASSOCIATIONS. Pursuant to the Master Declaration, Seller has formed the North Mt. Crested Butte Property Owners Association as a Colorado nonprofit corporation to administer and enforce the Master Declaration (the "Master Association"). Pursuant to the Prospect Declaration, Seller has formed the Prospect at Mt. Crested Butte Property Owners Association as a Colorado nonprofit corporation to administer and enforce the Prospect Declaration (the "Prospect Association"). For so long as Purchaser owns the Lot, Purchaser will automatically be a member of the Master Association and the Prospect Association. As a member of the Master Association and the Prospect Association, Purchaser will be subject to the Master Declaration, the Prospect Declaration, as well as the articles of incorporation, bylaws and rules and regulations of the Master Association and the Prospect Association.

13. DOCUMENT ACKNOWLEDGMENT. By signing this Agreement, Purchaser acknowledges that Purchaser has received a copy of each of the following documents and that Purchaser has read and understands such documents and agrees to accept the Lot subject to all terms, conditions and restrictions contained therein:

13.1 All documents as set forth in Paragraph 7.1 through 7.2;

13.2 The Articles of Incorporation, Bylaws and *proforma* budget and project assessment for the North Mt. Crested Butte Property Owners Association;

13.3 The Articles of Incorporation, Bylaws and *proforma* budget and project assessment for Prospect Property Owners Association;

14. UTILITY SERVICE. The Lot will be served by the following utilities:

14.1 Municipal water will be provided by Mt. Crested Butte Water and Sanitation District.

14.2 Municipal sewer service will be provided by Mt. Crested Butte Water and Sanitation District.

14.3 Electrical service will be provided by Gunnison County Electric Association.

14.4 Telephone service will be provided by Qwest Communications.

14.5 Cable television service will be provided by Adelphia.

14.6 Natural gas service will be provided by Atmos Energy Corporation.

15. CONSTRUCTION OF PROJECT IMPROVEMENTS. All roads, utility service as provided in Paragraph 14 above and as shown on the Plat and any and all other public infrastructure improvements required by the Subdivision Improvement Agreement, between Seller and the Town (collectively, the "Project Improvements") shall be constructed and completed in accordance with the SIA at the sole cost and expense of Seller on or before November 30, 2007 unless extended due to any Force Majeure Delays (as defined below). The following specific conditions shall apply to the Project Improvements:

15.1 Seller has posted an irrevocable letter of credit security in the amount of \$2,658,047.00 with the Town in order to ensure the completion and installation of all Project Improvements in accordance with the SIA.

15.2 The obligation of Seller under this Paragraph 15 shall be extended to the extent and for the period that performance is prevented by any cause beyond Seller's reasonable control, including, without limitation, labor

disputes, acts of God, laws, regulations, or orders of any governmental entity, orders of court, inability to obtain any required authorization, acts of war or conditions arising out of or attributable to war, riot, civil strike, insurrection or rebellion, fire, explosion, earthquake, storm, flood or other adverse weather conditions, delay or failure by suppliers or materialmen, contractors' or subcontractors' shortage of, or inability to obtain labor, supplies or materials (each, a "Force Majeure Delay").

15.3 Purchaser understands and agrees that during construction of the Project Improvements, due to hazardous conditions and insurance company requirements, neither Purchaser nor Purchaser's representatives will enter upon the construction site unless accompanied by an authorized representative of Seller. Purchaser agrees that direction and supervision of construction personnel rests exclusively with Seller, and Purchaser will not issue any instruction to Seller's construction personnel or otherwise interfere with Seller's construction personnel.

16. ROAD MAINTENANCE AND OPEN SPACE. Purchaser acknowledges that the roads and open space within the Project will be owned and maintained by Reserve Metropolitan District No. 1. Reserve Metropolitan District No. 1 will promulgate rules and regulations governing use of the roads and open space within Prospect at Mt. Crested Butte.

17. WARRANTIES, REPRESENTATIONS AND DISCLOSURES. Seller and Purchaser agree that the following warranties, representations and disclosures have been made between the parties and apply to this Agreement:

17.1 Purchaser has personally inspected the Lot to the extent that Purchaser deems necessary and relies upon his or her own judgment and the inspection of the Lot to enter into this Agreement and to purchase the Lot.

17.2 Purchaser acknowledges that, in executing this Agreement, Purchaser has not relied upon any statements or representations regarding the status or condition of the Lot, the suitability of the Lot for development, or development of the Project or any additional lands that may be added to Prospect at Mt. Crested Butte, including, without limitation, any representations made by Seller or any agents or employees of Seller, or of Seller's broker except for those statements and representations expressly set forth in this Agreement, the Property Report and the Project Documents.

17.3 Neither Seller, nor its agents or representatives have made any representations as to the investment potential of the Lot.

17.4 Seller has recommended that Purchaser obtain the advice of legal counsel regarding this Agreement and all required documents for Closing described in this Agreement.

17.5 Purchaser understands and agrees that this Agreement is not contingent upon Purchaser's obtaining financing for Closing.

18. PURCHASER'S IMPROVEMENTS. Purchaser acknowledges that Purchaser has carefully reviewed the use restrictions for the Lot and the Project as set forth in the Project Documents and that Purchaser understands and agrees to accept the Lot subject to those restrictions. Purchaser should verify all land use restrictions affecting the Lot with the Town prior to the Closing. By signing this Agreement, Purchaser acknowledges that pursuant to the PUD III Guide and the Design Guidelines, with limited exceptions, Purchaser's Improvements must be constructed within a "Homesite" to be delineated within the "Building Envelope" for the Lot depicted on the Plat. The Homesite for the lot is depicted on the Homesite Exhibit Map sheets HS1 and through HS4, as contained in the final plan approval of Prospect at Mt. Crested Butte, Phase 4 by the Town. The location of the Homesite as shown on the Homesite Exhibit Map may not be changed without the approval of the Prospect at Mt. Crested Butte Design Review Board and the Town's Planning Commission.

19. DEFAULT AND TERMINATION.

19.1 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 will be extended to the next regular Business Day.

19.2 If Purchaser defaults in the performance of any obligations under this Agreement that Purchaser is obligated to perform on or before Closing, Seller shall have the right to terminate this Agreement and Seller shall be entitled to keep as liquidated damages the Earnest Money Deposit. The parties agree that Seller's actual damages may be difficult to ascertain, and that the amount of the Earnest Money Deposit reasonably approximates the damages Seller would sustain in the event of a default by Purchaser, other than damages arising from any claims for mechanics' liens resulting from work or materials ordered by Purchaser for the Lot.

19.3 If Seller defaults in the performance of obligations under this Agreement which Seller is obligated to perform on or before Closing and if the default continues uncured for more than twenty (20) days after written notice of the default from Purchaser to Seller, Purchaser may terminate this Agreement, in which event, Purchaser will be entitled to a return of the Earnest Money Deposit and all interest earned thereon. In the alternative, Purchaser shall be entitled to specific performance. Purchaser hereby waives any and all claims or rights to seek damages.

19.4 Should any action be brought to enforce or interpret this Agreement, the prevailing party in such action will be awarded from the defaulting 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 Paragraph, the term "prevailing party" will 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.

20. UNDERSTANDINGS OF PURCHASER.

20.1 Under no circumstances will Purchaser have any authority before the Closing to subject any interest in the Lot to a mechanic's or materialman's lien under any contract for labor, services or materials executed by Purchaser with respect to the Lot, and Purchaser agrees to defend, indemnify and hold Seller harmless against any such liens, causes of action, claims, judgments, damages and costs (including, without limitation, reasonable attorneys' fees) that Seller may incur as a result of such work contracted for by Purchaser.

20.2 The Lot is located in the vicinity of skiing facilities and recreational areas (the "Mountain Recreational Areas"). The Mountain Recreational Areas are expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Mountain Recreational Areas (the "Mountain Activities"). The Mountain Activities include, without limitation, (a) movement and operation of (i) passenger vehicles (including, without limitation, buses, vans and other vehicles transporting passengers over adjacent streets and over, around and through the Mountain Recreational Areas, and (ii) construction vehicles and equipment; (b) activities relating to the construction, operation and maintenance of roads, trails (e.g., bicycling and hiking trails), ski trails, skiways and other facilities relating to the Mountain Recreational Areas, including, without limitation, (i) tree cutting and clearing, grading and earth moving, and other construction activities, (ii) construction, operation and maintenance of access roads, snow-making equipment, chair lifts, gondolas, buses or other transportation systems, (iii) operation of vehicles and equipment relating to trash removal, snow removal, snow grooming and over-the-snow or over-the-terrain transportation purposes and operation of safety and supervision vehicles, and (iv) use of explosives for avalanche control purposes; and (c) activities relating to the use of the Mountain Recreational Areas, including without limitation, (i) skiing, snow-boarding, ski-patrol activities and other over-the-snow activities, (ii) hiking, horseback riding, bicycling, ski racing and organized events and competitions relating to such activities, (iii) concerts, fireworks displays and other performances and special events, (iv) restaurants, clubs, restrooms and other public use facilities, (v) indoor and outdoor restaurant and bar operations (including, without limitation, the sale of food and alcoholic and non-alcoholic beverages for consumption in the vicinity of the Lot and at other locations) and preparation of hot and cold food (through the use of barbecue grills, fire pits and other smoke and/or odor producing means) and beverages at indoor and outdoor facilities in the vicinity of the Lot, (vi) public use of roadways in, through and near the Lot for access to the Mountain Recreational Areas and other lands, (vii) other activities permitted by law, and (viii) public access to adjacent federal lands. The Mountain Activities may occur during daytime and nighttime and therefore may include illumination for such activities.

20.3 The Lot is located in an area that is subject to or near ongoing construction activities relating to the development of adjacent properties

and the Mountain Recreational Areas (collectively, the "Construction Activities"). The Construction Activities are expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances. The Construction Activities may include, without limitation: (a) construction traffic (including, without limitation, construction vehicles, equipment and vehicles used or owned by Seller, adjacent landowners and the employees, agents and contractors of either of them; and (b) construction activities (including, without limitation, grading, excavation, clearing, site work and the construction of improvements) relating to the Project, nearby properties or the Mountain Recreational Areas.

20.4 Purchaser acknowledges that the Mountain Activities and the Construction Activities, and the impacts and disturbances generated by the Mountain Activities and the Construction Activities, may occur in and around the Lot and the Project. Purchaser agrees that Purchaser will not have the right to rescind this Agreement or to claim any breach of this Agreement on account of the existence or occurrence of the Mountain Activities or the Construction Activities and such impacts and disturbances. By accepting the Deed and permitting the Deed to be recorded in the Records, Purchaser agrees to forever waive and release any claims Purchaser, its successors and assigns may have against Seller, the operator(s) of the Mountain Recreational Areas, and their successors and assigns which in any way arise out of the impacts and disturbances generated from the Mountain Activities or the Construction Activities, except only any negligent acts of the Seller and/or its contractors as to Mountain Activities or Construction Activities.

20.5 Purchaser acknowledges and agrees that by acquiring an interest in the Lot, Purchaser will receive no waiver or discount from the fees customarily charged to users of the Crested Butte Ski Area (the "Ski Area"). Purchaser shall be required to purchase the requisite passes or lift tickets for any and all use of the ski lifts and other facilities within the Ski Area.

21. PROPERTY REPORT. Seller has registered Prospect at Mt. Crested Butte with the U.S. Department of Housing and Urban Development by filing a detailed "Statement of Record" in compliance with the Interstate Land Sales Full Disclosure Act, 15 U.S.C. § 1701 *et seq.* (the "Act"). The Act requires Seller to provide Purchaser with a "Property Report" prepared pursuant to the rules and regulations of the Office of Interstate Land Sales Registration, U.S. Department of Housing and Urban Development (the "Property Report"). The Property Report includes, without limitation, information relating to risks, access, utilities, services, assessments and the Associations.

22. SPECIAL DISTRICT DISCLOSURE. By executing this Agreement, Purchaser acknowledges that the Lot may be located within a number of special taxing districts created pursuant to Colorado law.

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. PURCHASERS 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.

23. NOTICES. All notices and other communications required or, permitted under this Agreement shall be in writing and shall be, as determined by the person giving such notice, either (a) hand delivered, (b) mailed by registered or certified mail, return receipt requested, or (c) by telecopier or telegraphic communication to the required party at the following addresses:

SELLER: Prospect Development Company, Inc.
Attn: Michael Kraatz
Post Office Box 5700
Mt. Crested Butte, Colorado 81225
Telephone: 970-349-2202
Telecopier: 970-349-2208

PURCHASER: as set forth following the Purchaser's signature

Notice shall be deemed delivered at the time of personal delivery, telecopier or telegraphic communication or when mailed to the required party. Any party may change its address by giving written notice of a change of address to the other party in the manner above provided.

Notwithstanding the above, notice in any manner shall be effective for the notice of revocation of this Agreement pursuant to paragraph 39 of this Agreement.

24. PROSPECT SKI LIFT. Crested Butte, LLC ("CB"), has constructed the Prospect Ski Lift. The days and hours of operation of the Prospect Ski Lift and the use thereof shall be in accordance with the general policies of CB pertaining to the use and operation of ski lifts and ski runs at Crested Butte Ski Area.

25. ENTIRE AGREEMENT. This Agreement constitutes the entire and only agreement between the parties. All prior negotiations, agreements, representations and understandings, whether written or oral, are merged into and superseded by this Agreement and shall be of no further force and effect.

26. BUSINESS DAY. For purposes of this Agreement, "Business Day" means each day of the year other than Saturdays, Sundays, holidays recognized by the U.S. Postal Service and days on which banking institutions are generally authorized or obligated by law or executive order to close in the State of Colorado.

27. EFFECTIVE DATE. The “Effective Date” of this Agreement shall be the date of the signing of this Agreement by both Seller and Purchaser.

28. APPLICABLE LAW. This Agreement is executed in Gunnison County, Colorado, and shall be interpreted, construed and governed by the laws of the State of Colorado.

29. RECORDING OF AGREEMENT. If, at any time before Closing, Purchaser causes this Agreement or any memorandum, affidavit or other instrument (other than a legally filed lis pendens) that makes reference to this Agreement to be recorded, then Seller, at Seller’s sole election, may deem Purchaser in default and exercise its remedies pursuant to Paragraph 19 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 Lot caused by Purchaser.

30. JURISDICTION AND VENUE. Jurisdiction and venue of any action as to this Agreement and the interpretation, enforcement or the determination of the rights and duties of the parties hereto shall be the District Court of Gunnison County, Colorado. Each party submits to the personal jurisdiction of the District Court of Gunnison County, Colorado and waives any and all rights under the laws of any other state or county to object to the jurisdiction of the District Court of the Gunnison County, Colorado as to any action pertaining to this Agreement.

31. WAIVER. No consent to or waiver (whether express or implied) by any party to exercise any right under this Agreement upon a default of any other party shall be deemed a consent to or waiver of such party as to any other default by any such other party of the same or any other right, duty or obligation under this Agreement. Failure by a party to complain of, continue to complain of or pursue a remedy with respect to any act or failure to act of any other party or the failure of a party to declare any other party in default, regardless of how long such default may continue, shall not constitute a waiver by such party of its rights or remedies, either under this Agreement or at law or in equity.

32. PARAGRAPH HEADINGS. The paragraph headings are inserted only for convenience of reference only and do not define, limit or prescribe the scope of this Agreement.

33. SEVERABILITY. If any terms, covenants, or provisions of this Agreement are found to be illegal or unenforceable for any reason, the same will not invalidate any other term, covenants, or provisions, and all of the remaining terms, covenants, and provisions will remain in full force and effect.

34. SURVIVAL OF OBLIGATIONS. All terms and conditions of this Agreement, including the obligations of Purchaser and Seller under this Agreement, shall remain in full force and effect until fully performed by the parties and shall survive the Closing and shall not be merged nor extinguished by any instrument of conveyance or assignment.

35. COUNTERPARTS. This Agreement and any other documents or instruments required under this Agreement may be executed in counterparts, each of which shall for all purposes be deemed an original and all of which together shall constitute one and the same agreement, document or instrument.

36. TELECOPIER SIGNATURE. The parties agree that a signature to this Agreement transmitted by telecopier shall be the binding signature of such party for the purpose of this Agreement but subject to the condition that the actual signature of such party to this Agreement shall be obtained not later than ten (10) days from the date of the telecopier transmittal.

37. AGENCY DISCLOSURE. Purchaser, by signing this Agreement, acknowledges prior, timely receipt of notice that Crested Butte Resort Real Estate, LLC, a Colorado limited liability company, P.O. Box 5700, Mt. Crested Butte, CO 81225 ("Broker") is the listing broker and the selling agent. Purchaser and Seller each acknowledge and represent to each other that, except as provided in this paragraph and on the signature pages of this Agreement, they have not used the assistance of any broker, finder, intermediary or other third party with regard to entering into this Agreement. Seller and Purchaser agree to indemnify and hold harmless the other from and against all claims for fees, commissions or other compensation claimed to be due to any broker, finder, intermediary or other third party with whom the indemnifying party may have dealt in connection with the transaction addressed by this Agreement, excepting those brokers listed on the signature pages of this Agreement.

38. ASSIGNMENT. Seller reserves the right to transfer any or all interest in the Lot described in this Agreement or to assign any or all interest under this Agreement. Such assignment or transfer shall not affect any right or interest of Purchaser under this Agreement, and shall be made fully subject to all the terms and provisions of this Agreement. No assignment by Seller shall affect the right of Purchaser to continue to make any payments due under this Agreement to Seller, until written notice of the same is given to Purchaser. Any transfer of the Lot or assignment of Seller's interest under this contract shall fully provide for and protect Purchaser's rights as set forth in this Agreement, and particularly but without limitation the right to a conveyance of title on compliance with the terms and provisions of this Agreement.

39. RIGHT OF FIRST REFUSAL. Purchaser hereby grants to Seller an Irrevocable Right of First Refusal to repurchase the Property upon the following terms and conditions:

39.1 If Purchaser receives any offer to purchase or tenders any offer of sale the Property which Purchaser desires to accept, other than by inheritance or conveyance to her heirs and descendants or by conveyance to a corporation, limited liability company, trust or other entity of which Purchaser is an owner, trustee or beneficiary, Seller shall have the absolute Right of First Refusal to purchase such Property.

39.2 Purchaser shall immediately notify Seller in writing of such offer and attach a copy of such offer to purchase or contract of purchase or document setting forth such offer.

39.3 Such right shall be exercised within seven (7) days after Seller receives notice from Purchaser, by Seller notifying Purchaser that it will purchase or otherwise acquire the Property on such terms and conditions.

39.4 In the event Seller shall not so notify Purchaser within said period, Purchaser may, within one hundred twenty (120) days after said seven (7) day period, sell or otherwise transfer the Property to the party making said offer on the same terms and conditions contained in the notice to Seller.

39.5 If Purchaser does not so sell or otherwise transfer the Property, the terms and conditions of this right of first refusal shall again apply to any subsequent sale or other transfer.

39.6 This Right of First Refusal shall be in full force and effect from the date of Closing until 20 years from the date of Closing. Notwithstanding the above, it is expressly understood and agreed that the term and length of time for which the Right of First Refusal shall exist and may be exercised by Purchaser shall not exceed in any event the period of time as provided by the rule against perpetuities or the power of alienation in effect in the State of Colorado. Any sale or attempted sale effected without first giving the Seller the right of first refusal described above shall be void and of no force and effect. At Closing, Seller will record a Notice of Right of First Refusal referencing Sellers rights under this paragraph 39.

40. BINDING AGREEMENT. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors, assigns, legal representatives and heirs.

41. FEDERAL RESCISSION RIGHTS.

YOU HAVE THE OPTION TO CANCEL YOUR CONTRACT OR AGREEMENT OF SALE BY NOTICE TO SELLER UNTIL MIDNIGHT OF THE SEVENTH DAY FOLLOWING THE SIGNING OF THE CONTRACT OR AGREEMENT.

IF YOU DID NOT RECEIVE A PROPERTY REPORT PREPARED PURSUANT TO THE RULES AND REGULATIONS OF THE OFFICE OF INTERSTATE LAND SALES REGISTRATION, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN ADVANCE OF YOUR SIGNING THE CONTRACT OR AGREEMENT, THE CONTRACT OR AGREEMENT OF SALE MAY BE CANCELLED AT YOUR OPTION FOR TWO YEARS FROM THE DATE OF SIGNING.

EXECUTED on the dates shown below.

PURCHASER:

Date: _____

Date: _____

Purchaser's Address:

Telephone: _____

Telecopier: _____

SELLER:

Date: _____

PROSPECT DEVELOPMENT
COMPANY, INC., a Colorado corporation

By: _____

Name: _____

Title: _____

LISTING COMPANY BROKER RELATIONSHIP. The listing company as set forth in paragraph 37 above and its licensees have been engaged in this transaction as the Seller's agent.

CRESTED BUTTE RESORT REAL ESTATE, LLC, a Colorado limited liability company

By: _____

Name:
Title:
P.O. Box 5700
Mt. Crested Butte, CO 81225
Telephone: (970) 349-4999
Fax Number: (970) 349-4265

SELLING COMPANY BROKERAGE RELATIONSHIP. The selling company and its licensees have been engaged in this transaction as ___ Buyer's Agent or ___ Transaction-Broker.

By: _____

Its: _____

Address: _____

Telephone: _____

Fax Number: _____

BROKER'S COMPENSATION DISCLOSURE. The listing company's compensation or commission and the selling company's compensation or commission is to be paid by the Seller.

ACKNOWLEDGEMENT OF CLOSING AGENT

Gunnison County Abstract Company, the Closing Agent, joins in the execution hereof solely to evidence (a) its consent and agreement to perform the duties of the "Closing Agent" hereunder, and (b) its receipt of the Earnest Money Deposit as of the date set forth next to its signature block below.

_____, 200__
Date signed

GUNNISON COUNTY ABSTRACT
COMPANY

By: _____
Its: _____

504 North Main, Gunnison, Colorado
81230