



Prospect Reasons to Own



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With magnificent views of towering peaks, rolling river valleys and unparalleled ski access, it is little wonder that the Prospect neighborhood has been so successful since its first homesites were released in 2001. This unique community, tucked up against Mt. Crested Butte, has demonstrated phenomenal growth in average sales price over the last five years. Even to the point of out performing similar properties in some of the best known destination resorts in the West such as Jackson Hole and Snowmass.

Many of the reasons to own in Prospect are clear once you ski through the neighborhood: breathtaking views, peaceful seclusion, great skiing. But some of the other reasons might not be so obvious.

First, there is the steady hands-on leadership of Tim and Diane Muller, the owners of Crested Butte Mountain Resort. When they are running the show, expect nothing less than success. Regarded as the leading private ski resort developers in America, the Muellers are personally overseeing the development of Prospect. Their team has made every effort to ensure that the aesthetic quality of Prospect and the homes within the neighborhood matches the unique and majestic character of the area. Read more about it in our overview of Building a Custom Home in Prospect.

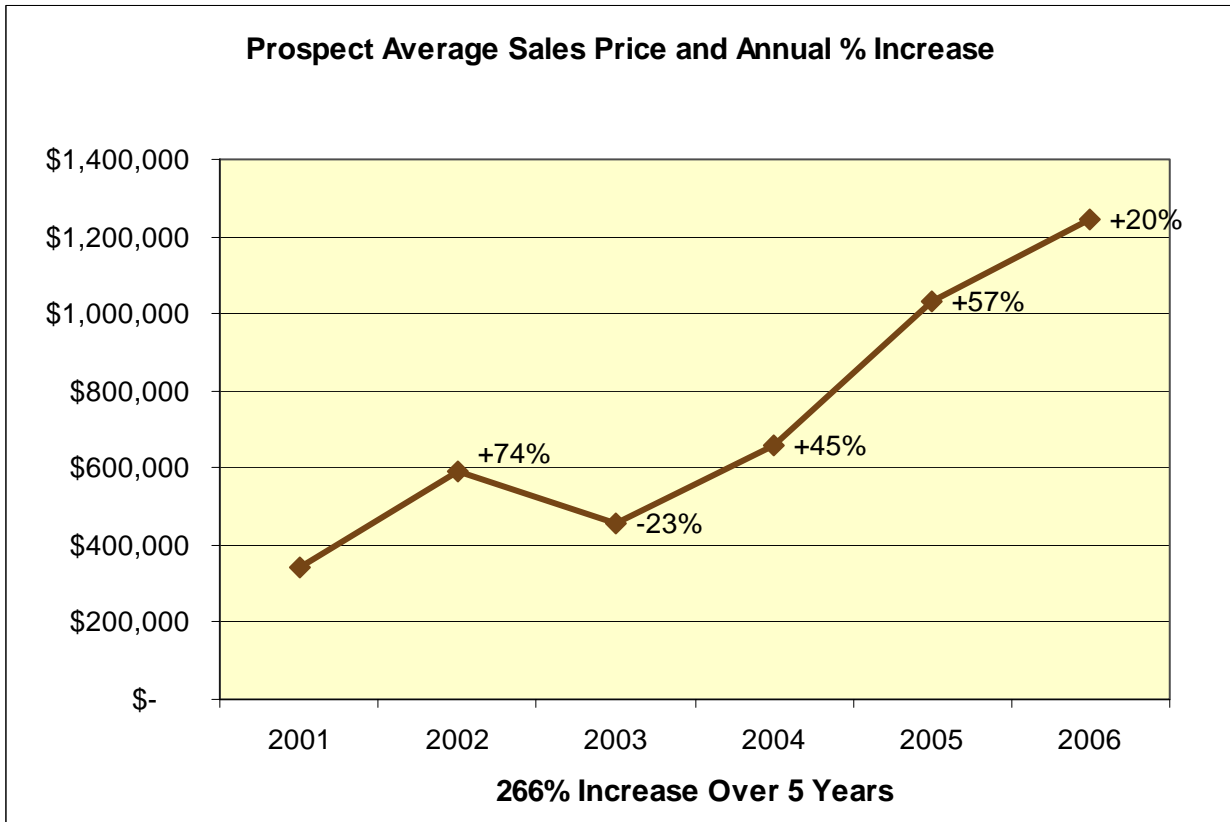
Next, as with many of the best resort neighborhoods in Colorado, Prospect is controlled and protected by a metro district. The exceptional ability of these legal entities to support the long term value of neighborhoods and provide unmatched level of service to homeowners is covered in the Metro District Highlights section.

Finally, Prospect is still young as ski in/ski out neighborhoods go and the best is yet to come. While average sale prices in Prospect have grown steadily over the past few years, many feel that there is plenty of room to grow and to mature into one of the best ski in/ski out communities in the world. Please see more in the section called Prospect Sales Price History.

For more information or to schedule a tour of Prospect call toll free (877) 805-6109 or email us at realestate@cbliving.com You can also come by and meet with one of our brokers in town at 299 Elk Ave or at the base of the ski area in the Treasury Center.

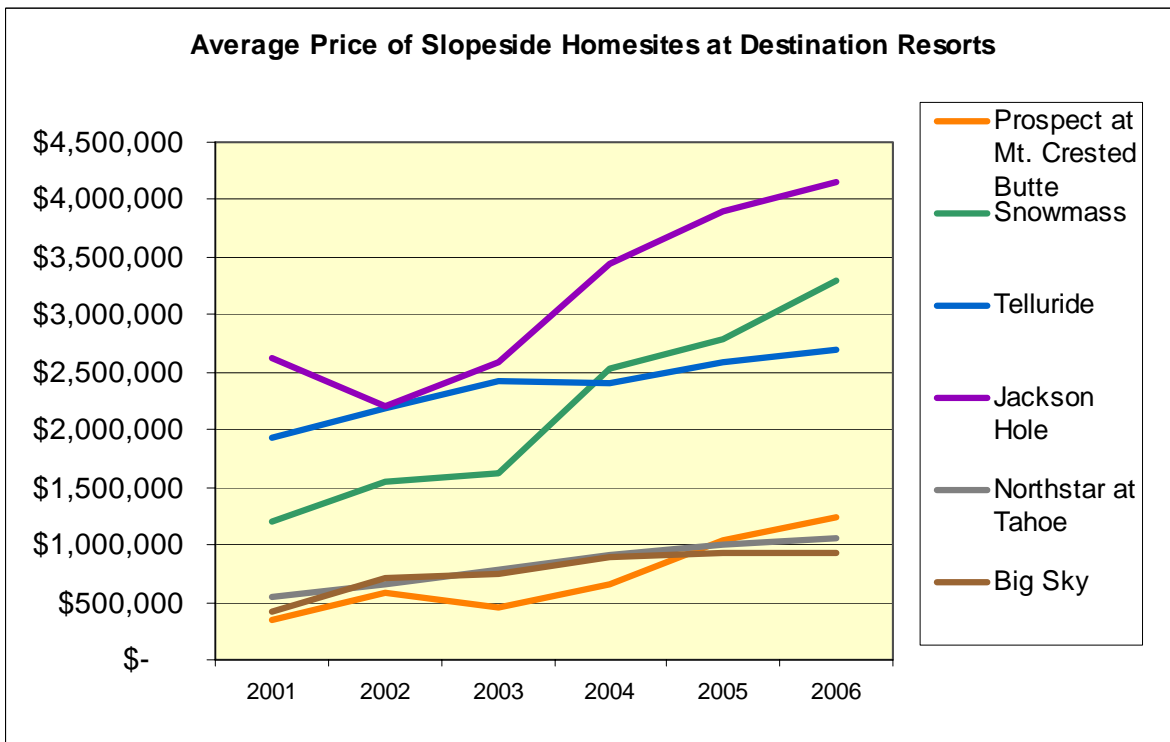
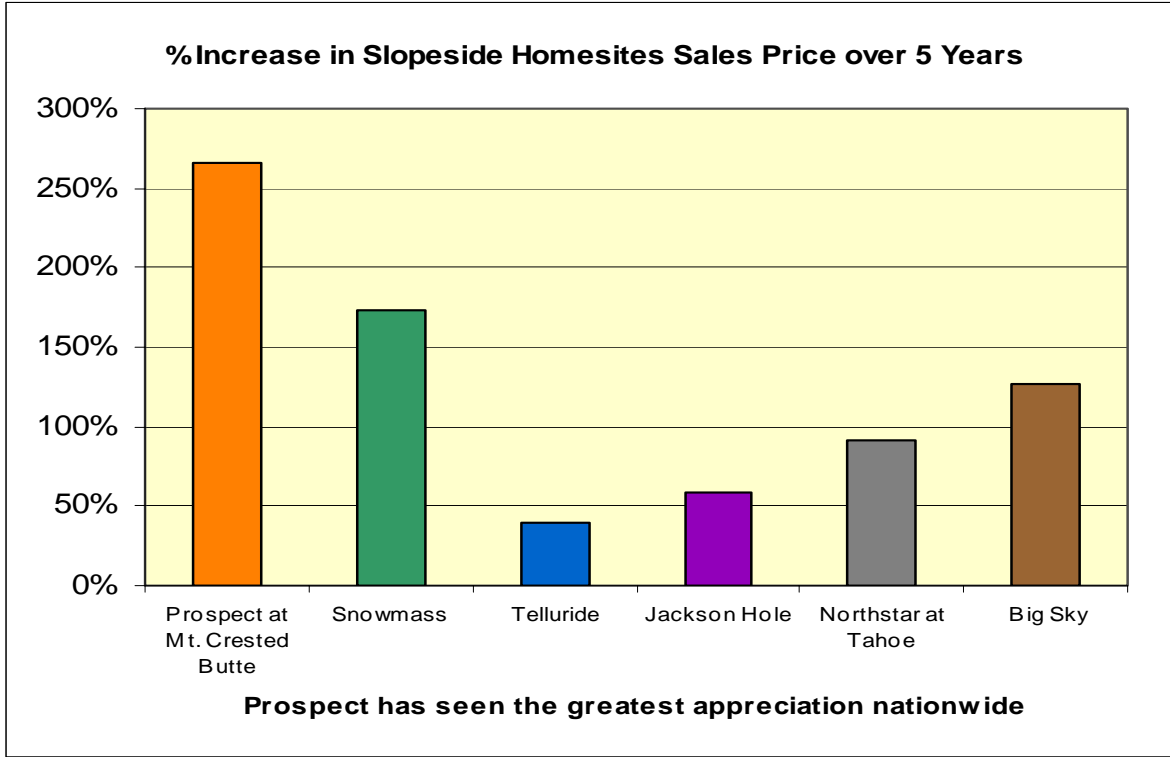


Prospect Sales Price History



- 2001: Prospect was officially annexed into the town of Mt. Crested Butte and the first homesites went under reservation.
- 2002: Closing took place on the first 14 homesites and sales continued to remain strong.
- 2003: Crested Butte Mountain Resort was put up for sale.
- 2004: The market responded with confidence when Tim and Diane Mueller purchased CBMR in March of 2004. With the Mullers at the helm, the new \$3,000,000 Prospect lift was installed along with various trails and infrastructure improvements in the neighborhood were ramped up.
- 2005: The next phase of Prospect was released as the Muellers' early investments in the ski area were being realized.
- 2006: Gunsight Crossing, the third phase of Prospect, was released to the public.
- Summary: The Prospect neighborhood has become a national success story. The unique qualities of the community and the Muellers' nearly \$17 million investment in Prospect infrastructure and skiing facilities have driven values up 266% over a five year period.

Destination Resort Slopeside Homesite Comparables





Building a Custom Home in Prospect

Q: How soon can I build my home in Prospect?

A: Building may commence after infrastructure and roads are in place and after all required building permits and approvals are obtained from the Town of Mt. Crested Butte and from the Prospect at Mt. Crested Butte Design Review Board.

Q: Is there a required time frame I have to build my home once I purchase a homesite in Prospect?

A: There is no established time frame outlining when you have to build a house.

Q: What are the height restrictions on the homes being built?

A: The maximum height of a single family home being built in Prospect is 35 feet.

Q: How large of a house can I build?

A: Lots C1-C21 have a maximum of 5,000sf, Lots C22-C38 have a maximum of 8,000sf, Lots D1-D23 have a maximum of 8,000sf and the E Lots are designated from 8,000sf to 10,000sf depending on which lot you consider. These square footages include the garage and mechanical room but not the decks, porches and balconies.

Q: Is there a minimum house size requirement?

A: The minimum requirement for a single family residence in Prospect is 2,000sf.

Q: Can I cut down the trees that are on my homesite?

A: Only the trees that are within the designated building envelope of the homesite may be removed to allow for the building of your home or to improve the view corridors.

Q: Are there design guidelines that I need to follow when building my home?

A: Yes. This is a covenant-controlled community with comprehensive design guidelines. These basic guidelines were created to ensure the aesthetic integrity of the community and the long term appeal of the neighborhood.

Q: What utilities are used in Prospect?

A: Electrical service will be provided by Gunnison County Electric Association. Telephone service is provided by Qwest Communications, Inc. Natural Gas is provided

by Atmos Energy. Water and Sewage disposal service will be supplied by Mt. Crested Butte Water & Sanitation District.

Q: What Amenities are included for owners in the development?

A: Your amenities will include, but are not limited to, direct access to the ski mountain via existing Gold Link, Painter Boy and Teocalli lifts and the new Prospect ski lift, 276 acres of open space and 17 miles of trails for alpine and nordic skiing, biking and hiking. Future phases of Prospect, at both the top and the entrance to the neighborhood, could include skier services, restaurants, spas, fitness facilities, lodging and other amenities.

Q: What organization controls the improvements and overall quality of the Prospect neighborhood?

A: The Prospect neighborhood falls within the jurisdiction of The Reserve Metro District No. 2.

Q: What is a Metro District? How does it benefit the Owners?

A: A Metropolitan, or “Metro” District, is a special taxing district set up for the benefit of the neighborhood. See the attached Metro District Overview for more details.

Q: What are the HOA Fees?

A: Currently there is no Homeowner’s Association Fee in place. While there may be a small fee in the future, the Reserve Metro District will likely take care of many of the normal services that an HOA would provide such as snowplowing, road maintenance, and landscaping.

Q: When do I start paying taxes on my homesite? How much are they?

A: Your obligation to pay property taxes for your homesite begins upon transfer of title to your lot. They are payable to Gunnison County which collects the ad valorem real estate taxes on behalf of all taxing authorities. In 2005 the tax rate is 113.06 mills, which is \$113.06 per \$1,000 of assessed valuation. Of the 113.06 mills, the town of Mt. Crested Butte accounts for 63.06 mills and the Reserve Metro District accounts for 50 mills. Under Colorado Law prior to building a residence on your lot, the assessed valuation of your lot will be approximately 29% (residential assessment ratio) of its fair market value. Fair market value is a number determined by the assessor and will likely be substantially lower than your actual purchase price. After the residence is built, the residential assessment ratio decreases to approximately 7.96% of its fair market value. Please see below for an example:

	Actual Value *	Assessment Ratio =	Assessed Value *	Mill Levy =	Annual Tax
Unimproved Land	\$ 700,000	29%	\$ 203,000	0.113006	\$ 22,940
Land with Improvements	\$ 2,400,000	7.96%	\$ 191,040	0.113006	\$ 21,589

These values are for example only. Actual values will be determined by the Gunnison County Assessor and can vary drastically from this example.

Q: What are the start up costs of building in Prospect and how do they compare to other local developments?

A: The initial costs of building a home in Prospect are similar to other local developments. See below for more details:

Estimated Comparison of First Year Fees and Start Up Costs for Crested Butte Area Homesites*							
Crested Butte Homesites	Affordable Housing Fees	Well and Septic or Tap Fees	Building Permit and Impact Fees	Design Review Board	Annual City and County Taxes	HOA Dues and Metro District Levy	First Year Costs
Prospect	\$ 0**	\$ 39,900	\$ 13,900	\$ 6,500	\$ 8,000	\$ 6,800	\$ 75,100
Summit	\$ 16,800	\$ 39,900	\$ 10,900	\$ 1,500	\$ 8,000	\$ 500	\$ 77,600
Goldlink	\$ 16,800	\$ 39,900	\$ 10,900	\$ 1,500	\$ 8,000	\$ 1,200	\$ 78,300
The Reserve at East River	\$ 32,000	\$ 15,000	\$ 3,500	\$ 1,500	\$ 8,000	\$ 7,000	\$ 67,000
Red Mountain Ranch	\$ 32,000	\$ 20,000	\$ 3,500	\$ 0	\$ 5,500	\$ 4,000	\$ 65,000
Trappers Crossing	\$ 32,000	\$ 48,000	\$ 3,500	\$ 0	\$ 5,500	\$ 2,000	\$ 91,000
Buckhorn Ranch	\$ 32,000	\$ 7,000	\$ 3,500	\$ 250	\$ 5,500	\$ 7,000	\$ 55,250
Danni Ranch	\$ 32,000	\$ 48,000	\$ 3,500	\$ 0	\$ 5,500	\$ 2,800	\$ 91,800
Skyland	\$ 32,000	\$ 35,000	\$ 4,400	\$ 1,300	\$ 5,500	\$ 6,500	\$ 84,700

* All figures are estimates and were derived from the MLS or the County Assessors Office. Estimates are based on constructing a 6000 SF, 5/5 home with a 800 SF two car garage.

** When the Prospect neighborhood was established CBMR agreed to provide 56 affordable housing units, 40 of which are in Homestead at Prospect.

Q: What is the reason for the HUD Property Report?

A: Due to the size and type of the project and scheduling of the infrastructure in Prospect, we are required to provide a HUD Property Report. The report lays out all of the details of the project so the purchaser can be fully informed prior to making a purchasing decision.

Q: What is the amount of Escrow Money that is due with a contract?

A: A 10% Escrow Deposit is needed to submit a contract on a homesite.



Metro District Highlights

Frequently Asked Questions about Metro Districts

Q: What is a metro district?

A: Metro districts are quasi governmental organization with taxing authority that are created to fund and administer services for the betterment of a particular neighborhood or community.

Q: What type of communities use metro districts?

A: Many of the finest resort neighborhoods in the West are governed by metro districts because they provide more power and flexibility than traditional homeowners associations. See below for examples of metro districts being utilized in resort areas.

Q: Who controls a metro district?

A: In most situations, a board of directors controls the metro district. These members are elected by property owners within the metro district.

Q: How is the metro district funded?

A: A mill levy is added to the normal property tax bill and the resources from that levy are used solely for the benefit of property owners and the neighborhood.

Q: What are the funds from the mill levy used for?

A: In the early stages of large developments, most of the funds in metro districts go towards the repayment of bonds that were used to finance infrastructure such as water, sewer, gas, electricity, phones, bridges, drainage and roads. As the community matures and more homes are completed, the mill levy is often reduced to an amount that is sufficient to fund ongoing services and special neighborhood amenities. Examples of these types of amenities include recreation centers, skating rinks, special events such as concerts, enhanced landscaping, walking trails, parks, property protection, common area maintenance, and club houses to name a few.

Advantages of Metro Districts for Homeowners

- Owners can raise more funds through the issuance of bonds to invest in neighborhood appearance and amenities, which ultimately supports higher property values.
- As with all local property taxes, the additional mill levy charged by the metro district can be deducted from owners' income taxes. This is not possible with normal HOA dues.
- A metro district keeps HOA dues low because many of the necessary neighborhood services are performed by a more powerful and well funded metro district.
- Metro districts generally represent larger number of homeowners. As a result, local governments and business are more likely to hear and address the needs of the owners within the metro district
- A metro district affords collective legal protections to homeowners and to the neighborhood, which are not possible with a normal homeowner's association. This means a possible reduction in collective financial liabilities that might result from a lawsuit.

Examples of Metro Districts

- Aspen Village Metro District, has not only created first class public spaces, but also funded numerous private concerts and events.
- Mountain Village Metro District in Telluride, CO has funded an extensive trail and lift system that connects the ski area and to the town of Telluride.
- Bachelor Gulch Village in Beaver Creek, CO first kept initial property prices lower through issuing bonds to fund infrastructure. Now that the major infrastructure has been completed the mill levy has been reduced for homeowners. The metro district has also been able to work with the Bachelor Gulch Village Association to support public safety and public transportation in the village.
- Beaver Creek Metro District in Beaver Creek, CO formed a close relationship with the adjoining ski area and was able to buy property later used for neighborhood amenities. Further, the metro district was able to encourage the ski area to make on-mountain improvements that supported property values.
- Eagle Ranch in Eagle, CO has used their metro district to create a golf course and other amenities that serve neighborhood interests.