

UNANIMOUS CONSENT IN LIEU OF A MEETING OF
THE BOARD OF DIRECTORS OF
ELKSTONE OWNERS ASSOCIATION, INC.
a Colorado nonprofit corporation

March 12, 2014

Pursuant to and in accordance with Colorado Revised Statute §7-128-202, the undersigned, being all of the Directors on the Board of Directors (the "**Board**") of the Elkstone Owners Association, Inc., a Colorado non-profit corporation (the "**Elkstone Association**"), hereby waive actual attendance at a special meeting of the Board and approve the following by unanimous written consent, to have the same force and effect as actions taken at a special meeting of the Board.

WHEREAS, due to actual and/or potential financial interests of Sterling Capital LLC, a Georgia limited liability company ("**Sterling**") in the transactions involved addressed by this consent, Lee A. Hooper (the "**First Recused Director**"), with concurrence of the Board and Elkstone Association legal counsel, has recused himself from formally voting on the matters addressed in this consent, to avoid any appearance of and/or actual conflicts of interest;

WHEREAS, due to actual and/or potential financial interests of Elite Management, LLC, a Colorado limited liability company ("**Elite**") in the transactions involved addressed by this consent, Daniel E. Dockray (the "**Second Recused Director**"), with concurrence of the Board and Elkstone Association legal counsel, has recused himself from formally voting on the matters addressed in this consent, to avoid any appearance of and/or actual conflicts of interest;

WHEREAS, as a result of the foregoing, the actions taken in this consent have been unanimously approved by the remaining "independent" director (the "**Independent Director**"), with the consent of the First Recused Director and Second Recused Director;

WHEREAS, construction of the Elkstone common interest community (the "**Elkstone Community**") known as "*Elkstone 21*" and its additional seven Elkstone "*Townhome*" units is complete;

WHEREAS, the Elkstone Association wishes to retain an onsite property manager for the Elkstone 21 Units (the "**Property Manager**") to provide concierge services and maintenance (the "**Property Management Services**");

WHEREAS, for the financial benefit of the Elkstone Association, Sterling has agreed to convey to Elkstone Association, as an Elkstone 21 Limited Common Element, Elkstone 21 Unit Number 29 in the Elkstone Community (the "**Unit**") subject to a "reconveyance option" back to Sterling in the event the Elkstone Association no longer leases the Unit to the Property Manager (the "**Sterling Reconveyance Option**");

WHEREAS, Sterling's conveyance of the Unit to the Elkstone Association is unique and will permit the Elkstone Association to own the Unit at little cost, which will further allow it to keep the Property Manager onsite and reduce the costs of the Property Management Services;

WHEREAS, all costs and expenses associated with the Unit shall be assessed as part of the Elkstone 21 Unit Expenses.

WHEREAS, the Board has negotiated with Sterling a purchase price of \$10.00 for the Unit;

WHEREAS, the Elkstone Association officers, the Independent Director and legal counsel, with consent of the First Recused Director and the Second Recused Director, have negotiated the draft form of the (i) Residential Lease for the lease of the Unit to the Property Manager (the "**Residential Lease**"); (ii) Sterling Reconveyance Option; (iii) Elite Management Property Management Agreement (the "**Management Agreement**"); and (iv) Special Warranty Deed conveying the Unit (the "**Deed**").

WHEREAS, the Board has reviewed the terms and conditions of the Elkstone Agreements, and has determined these to be in the best interest of the Elkstone Association.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby authorizes, approves and consents to the Elkstone Association entering into, executing and delivering the (i) attached form of Residential Lease, attached as Schedule 1; (ii) attached form of the Sterling Reconveyance Option, attached as Schedule 2; (iii) attached form of the Management Agreement, attached as Schedule 3; and (iv) attached form of the Deed, attached as Schedule 4.

2. The Board directs that all costs and expenses associated with the Unit shall be assessed as part of the Elkstone 21 Unit Expenses.

3. The Board hereby authorizes, directs and empowers Elizabeth B. Barth, as the independent Director and the Elkstone Association Secretary, to execute and deliver the Residential Lease, the Sterling Reconveyance Option, and the Management Agreement, as well as all other documents necessary and/or appropriate to effectuate the conveyance of the Unit.

4. Elizabeth B. Barth, in her capacity as officer and Director, further is authorized and directed to undertake such other and further activities and/or actions as she reasonably deems appropriate and/or necessary, in her reasonable discretion, to effect the purposes stated herein including, without limitation, executing, delivering and, as appropriate, recording all necessary documents and/or paying (or advancing) such costs on behalf of the Elkstone Association in order to effect the purposes stated herein.

(Signatures on the following page)

IN WITNESS WHEREOF, the undersigned Directors hereby unanimously consent to, approve, and adopt the foregoing Board of Directors Unanimous Written Consent, effective as of the date set forth above.

INDEPENDENT DIRECTOR:

Elizabeth B. Barth, Director

CONSENTED AND AGREED TO BY THE FOLLOWING RECUSED DIRECTORS:

Lee A. Hooper

Lee A. Hooper, Director

Daniel E. Dockray, Director

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of Elkstone Owners Association, Inc. certifies that the persons whose names are subscribed to in the foregoing Consent of Directors represent all of the Directors of Elkstone Owners Association, Inc.

Elizabeth B. Barth, Secretary

IN WITNESS WHEREOF, the undersigned Directors hereby unanimously consent to, approve, and adopt the foregoing Board of Directors Unanimous Written Consent, effective as of the date set forth above.

INDEPENDENT DIRECTOR:

Elizabeth B. Barth, Director

CONSENTED AND AGREED TO BY THE FOLLOWING RECUSED DIRECTORS:

Lee A. Hooper, Director



Daniel E. Dockray, Director

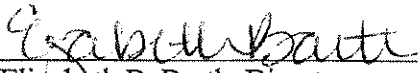
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Elizabeth B. Barth, Secretary

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INDEPENDENT DIRECTOR:


Elizabeth B. Barth, Director

CONSENTED AND AGREED TO BY THE FOLLOWING RECUSED DIRECTORS:

Lee A. Hooper, Director

Daniel E. Dockray, Director

CERTIFICATION

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Elizabeth B. Barth, Secretary

Schedule 1
(to Unanimous Consent)

Residential Lease

Together with the benefits as set forth in Easement Agreement recorded, October 20, 2000 at Reception No. 337660, and Easement Agreement recorded, October 30, 2000 at Reception No. 337659,

County of San Miguel,
State of Colorado.

Also know and 500 Mountain Village Boulevard, Unit 29 (the "Dwelling Unit").

The Lease includes parking, specifically: parking space number 206 (the "Parking Space").

4. **Term:** Landlord leases the Dwelling Unit to Tenant from twelve o'clock noon on the 1st day of January, 2014 and until 11:59 p.m. on the 31st day of December, 2014 (the "Lease Term"). Subject to Tenant's 1 year term performance of all obligations under the Lease including, without limitation, payment of Rent and other amounts, Tenant shall enjoy quiet possession of the Dwelling Unit, and subject to that certain Elite Management, LLC Property Management Agreement entered by and between Landlord and Tenant of even date herewith ("Property Management Agreement").

5. **Base Rent:** In the event the Tenant should fail to provide services pursuant to the Property Management Agreement, rent shall be paid in monthly installments of \$1,000.00, on or before twelve o'clock noon on the first day of each calendar month during the Lease Term at the location set forth below, without notice ("Base Rent"). Unless otherwise provided in this Lease, all payments must be mailed or delivered to Landlord (or Landlord's property management company) at the following address: c/o Elkstone Owners Association, Inc., 12 Elkstone Place, Mountain Village, CO 81435. If the Lease Term does not begin on the first day of the month, the Base Rent will be prorated accordingly.

6. **Additional Rent:** Reserved

7. **Rent:** For purposes of this Lease, the term "Rent" shall mean the Base Rent and any Additional Rent (defined below) specified herein.

8. **Security Deposit:** Before occupying the Dwelling Unit, Tenant must deposit with Landlord a security, cleaning, and damage deposit in the amount of \$0 (including Pet Damage Deposit, if applicable, as defined below) as security for the return of the Dwelling Unit at the expiration of the Term in the same condition as when Tenant entered the Dwelling Unit, normal wear and tear excepted, as well as the faithful, timely, and complete performance of all other terms, conditions and covenants of the Lease (the "Security Deposit").

9. **Option to Purchase:** Reserved

10. **Colorado Revised Statutes Definitions:** The Colorado Warranty of Habitability Law, codified at § 38-12-501 *et seq.*, C.R.S., contains the following definitions which may be applicable in conjunction with certain rights and responsibilities imposed by law: Dwelling Unit is the structure, or the part of the structure, that is used as the home, residence, or sleeping place by Tenant (the "Dwelling Unit"). Common areas are the facilities and appurtenances to a Dwelling Unit, including the grounds, areas, and facilities held out for the use of tenants generally or whose use is promised to Tenant (the "Common Areas").

11. **Utilities:** Tenant shall be responsible for paying the following utilities, which charges shall be deemed Additional Rent: Electric Gas Water Sewer Phone Cable/ Satellite T.V. Internet Access Refuse Disposal Other _____. If the Dwelling Unit shares meter facilities for utilities, the charges will be allocated to each by Landlord based on a reasonable basis and shall be considered Additional Rent. If Tenant fails to timely pay any of the above charges, it shall be deemed a Default by Tenant. If separate arrangements are made for the Tenant to provide its own utilities directly from the respective service provider, then Landlord shall have no liability therefore. Landlord shall be responsible for any remaining utilities not specifically designated to be paid by Tenant.

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12. **Late Payments:** If Base Rent is received later than seven days after the date when due, the Parties agree that Additional Rent in the amount of \$20.00/day shall also be due and payable for each day the Base Rent is past due. The foregoing items shall be deemed Additional Rent.

13. **Repairs and Maintenance of the Dwelling Unit:** The Tenant shall be responsible for maintenance of the Dwelling Unit as described further in this Lease. However, in the event that the Parties agree that Tenant shall be responsible for some or all of the repairs and/or some or all of the maintenance beyond that set forth in the Lease, then the Parties shall execute a separate written document consistent with the requirements of this Lease and The Colorado Warranty of Habitability Law, codified at § 38-12-501 *et seq.*, C.R.S. indicating such agreement. Such separate writing may be appended to this Lease as an addendum.

14. **Pets:** Pets are not permitted in the Dwelling Unit and/or on the Common Areas.

DWELLING UNIT

15. **Common Areas/Governing Documents:** If the Dwelling Unit includes any common areas with any other properties that are subject to any declarations, covenants, conditions, or restrictions by any governing documents (the "**Governing Documents**") pertaining to the Dwelling Unit, Tenant is granted a license to use those areas on the terms and conditions contained in such Governing Documents. All use of the Common Areas is at the sole risk of Tenant, and Landlord shall not be held liable for any damages or injuries occasioned by such use.

16. **Parking:** Tenant shall be entitled to park in Elkstone 21 parking space PS 206.

17. **Check-In Inspection, Condition of Dwelling Unit and Representations:** Landlord and Tenant shall conduct an inspection of the Dwelling Unit at the time of possession. A check-in inspection sheet shall be completed at that time and the information contained in it will be sufficient and satisfactory proof of the condition of the Dwelling Unit at the time of possession, should a subsequent dispute arise. All systems and appliances of the Dwelling Unit, including refrigerators, stoves, microwaves, dishwashers, washers, dryers, etc., will be in working condition at the commencement of the Lease Term, unless specifically noted to the contrary on the check-in inspection sheet. As of the commencement of the Lease, Tenant acknowledges that Tenant has examined the Dwelling Unit and is satisfied with the condition of the Dwelling Unit, including all systems and appliances in the Dwelling Unit. Taking possession of the Dwelling Unit is conclusive evidence to the fact that the Dwelling Unit are in good order and satisfactory condition.

18. **Use of Dwelling Unit:** Where used in this Lease, Dwelling Unit includes any Common Areas, and Tenant includes Tenant's licensees and invitees.

a. **Vacation Purposes:** The Dwelling Unit shall be used for residential purposes for Tenant's employees providing services pursuant to the Property Management Agreement only.

b. **Occupancy of Dwelling Unit:** Tenant represents and warrants that Tenant has identified all of the individuals over the age of 18 who will occupy the Dwelling Unit in Paragraphs 2 and 21 of the Lease and that the Dwelling Unit is to be used only as a private residence for those individuals. Landlord must approve any change to those listed as Tenants in the Lease. If Tenant desires any change or increase to those shown as Tenants in the Lease, and provided any increase is not in violation of applicable occupancy codes, those individuals desiring tenancy must complete any application and approval process required by Landlord, in advance of any change, and after Landlord's approval must execute a new Lease. If Tenant fails to obtain Landlord's approval in advance of any change in occupancy, Tenant understands that this failure constitutes a Default as described in the Lease. Landlord represents and warrants that it has obtained any rental licenses as may be required in the city or county in which the Dwelling Unit is located.

c. **Legal Compliance:** Tenant is liable for the actions of Tenant's licensees and invitees. Tenant agrees to comply with and abide by all federal, state, county and municipal laws and ordinances, and any Governing Documents, if applicable, in connection with the occupancy and use of the Dwelling Unit. No alcoholic beverages shall be possessed or consumed by Tenant, or Tenant's licensees or invitees, unless the person possessing

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or consuming alcohol is of legal drinking age. No illegal drugs or controlled substances (unless specifically prescribed by a physician for a specific person residing or present in the Dwelling Unit) are permitted in the Dwelling Unit. Tenant agrees to refrain from using the Dwelling Unit in any way that may result in an increase of the rate or cost of insurance on the Dwelling Unit. No hazardous or dangerous activities are permitted in the Dwelling Unit.

d. **Rules and Regulations:** Landlord shall provide Tenant with a copy of all rules and regulations, if any, affecting the Dwelling Unit, to which Tenant agrees to abide.

e. **Safety:** Tenant must not use the Dwelling Unit in a manner that may endanger the person or property of Landlord, co-tenants, or any person living in or near the Dwelling Unit. Tenant agrees to limit use of the Dwelling Unit to those consistent with the Dwelling Unit' clean, safe, sanitary, and habitable condition.

f. **Nuisance Prohibited:** Neither Tenant nor Tenant's licensees or invitees shall be a nuisance or act in any manner that would interfere with the quiet enjoyment by adjacent property owners or other tenants (or their invitees) of their Dwelling Unit. This prohibition includes, but is not limited to, loud noises, loud music, noxious or unpleasant odors, and disruptive behavior or actions.

19. **Check-Out Procedure:** The Parties shall conduct a check-out/walk-through of the Dwelling Unit if or when Tenant re-delivers the Dwelling Unit at the end of the Lease Term.

20. **Surrender of Dwelling Unit:** Tenant will return the Dwelling Unit to Landlord at the expiration of the Lease Term in the same condition as when Tenant took possession of the Dwelling Unit, normal wear and tear excepted. Any deterioration or damage caused by accident, abuse, carelessness, or negligence shall not be considered normal wear and tear. If Tenant fails to re-deliver the Dwelling Unit in appropriate condition, Landlord may restore the Dwelling Unit to appropriate condition, including repair, replacement and cleaning. The cost of any work necessitated will be deducted from the Security Deposit, and if the Security Deposit is insufficient to cover work performed, Tenant will be obliged to pay the additional balance.

21. **Subletting or Assignment:** Tenant shall not be authorized to sublet the Dwelling Unit.

PAYMENTS

22. **Payments/Dishonored Checks:** Payments shall be deemed received when actually delivered to, and received by, Landlord at the payment location. Dishonored checks and any checks received late in the mail will be treated as late payments. Any additional bank and handling charges that are assessed in the event of a dishonored check shall be deemed Additional Rent. Landlord may require Tenant to replace any dishonored check with a money order, cashier's check, or other good funds. Landlord may further require that all subsequent payments after a dishonored check be paid with a money order, cashier's check, or other good funds.

23. **Partial Payment:** Any partial payment made by Tenant will be allocated first to the payment of Additional Rent, including, without limitation, utilities (if applicable) and other expenses, and second to unpaid Rent. Landlord's acceptance of any partial payment does not waive Landlord's right to require immediate payment of the unpaid balance of Rent, or waive or affect Landlord's rights to institute legal proceedings including, without limitation, an eviction action.

24. **No Offset:** No assent, express or implied, to any Default of any one or more of the agreements in the Lease will be deemed or taken to be a waiver of any succeeding or other Default. The covenants set forth in the Lease are independent. Tenant shall have no right to withhold or set-off any Rent due Landlord.

25. **Joint and Several Obligations of Tenant:** If more than one person comprises Tenant, it is expressly understood and agreed that each person comprising Tenant is jointly and severally liable for any and all obligations of Tenant in the Lease. This means that each and every person comprising Tenant are each, together and separately, responsible for all of Tenant's obligations. Landlord may, at its option, determine who to hold responsible.

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other security for guaranteeing the total cost of any Additions work and its completion. Tenant shall submit all plans and specifications for any proposed additions (the "Plans") to Landlord for approval and if complete, Landlord shall approve or deny with reasons such Plans within 30 days after submission thereof by Tenant. Each page of any Plans shall be initialed as and when approved by Landlord, and shall indicate thereon each and every item which Landlord may require Tenant to change, modify, or remove at the termination of this Lease or expiration of Lease Term. Tenant shall provide Landlord with a copy of all such approved Plans for their retention in Landlord's files. Any work done to Dwelling Unit and/or Common Areas approved by Landlord shall be done at Tenant's sole cost and expense and in a good and workmanlike manner, and shall be made strictly in accordance with all ordinances and regulations relating thereto. Upon expiration or termination of this Lease, whether or not as a result of default by Tenant, all or any part of such work done to Dwelling Unit and/or Common Areas may be considered, at Landlord's option, as improvements which shall not be removable by Tenant, but shall become part of the Dwelling Unit, in which event Tenant shall not have the right to remove the same. To the extent Landlord does not elect to keep such Additions improvements, as provided in the foregoing sentence, Tenant shall remove and/or repair any work undertaken on Dwelling Unit and/or Common Areas, provided that Tenant shall restore the Dwelling Unit and/or Common Areas to a condition similar to the condition of the Dwelling Unit and/or Common Areas at the beginning of the Lease Term, reasonable wear and tear excepted. Should Tenant fail to comply with the provisions of this Paragraph, then Landlord may remove such items as Tenant has failed to remove, collecting the cost and expense thereof from Tenant as Additional Rent, or, at Landlord's option, by application of the Security Deposit.

With respect to all construction undertaken on the Dwelling Unit and/or Common Areas pursuant to this Paragraph, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims including, without limitation, those arising under applicable mechanics' lien laws, which may result from any work done by Tenant. Such indemnification shall also include Landlord's reasonable attorney's fees and costs incurred in defending against any such claims. Tenant shall provide the notices and post the notices required by Colorado law prior to commencement of any construction activities on or within the Dwelling Unit and/or Common Areas. Tenant's failure to provide and post said notice shall be deemed a material breach of this Lease. Tenant shall provide to Landlord mechanics' lien waivers from any and all persons performing work on the Dwelling Unit and/or Common Areas or those other persons, such as architects, who may have any right to a mechanic's lien in connection with the work performed or undertaken in connection with Tenant's work on the Dwelling Unit and/or Common Areas.

30. **Tenant's Notification, Restrictions, and Additional Responsibilities:** Except as may otherwise be permitted by applicable law, Tenant shall not perform or contract with third parties to perform any repairs of any kind on the Dwelling Unit or structure without the written consent of Landlord. If any repair which is the responsibility of either Tenant or Landlord becomes necessary, Tenant must notify Landlord, in writing, as soon as possible and allow reasonable time for the work to be completed. Any unauthorized work performed or contracted for by Tenant will be at Tenant's sole expense and no deductions or offsets in Rent or Additional Rent shall be permitted except to the extent explicitly permitted by the Colorado Warranty of Habitability Law, codified at § 38-12-501 *et seq.*, C.R.S.

a. **Painting/Decorating:** Tenant shall not paint the Dwelling Unit or Common Areas without Landlord's prior written consent. Tenant shall not otherwise decorate or deface the Dwelling Unit or Common Areas in a manner that causes damage or alteration to the Dwelling Unit or said areas.

b. **Plumbing/Building Systems:** Tenant shall be responsible for any and all damage to the plumbing, HVAC and electrical systems caused by Tenant's intentional, reckless or negligent use, misconduct or abuse. Such actions include, without limitation, clogging and backing up of plumbing not attributable to ordinary wear and tear of the plumbing system, and plumbing system freeze-ups occasioned by Tenant's negligence.

c. **Keys/Locks:** Tenant shall not place any additional locks on the Dwelling Unit, including, but not limited to, exterior and interior doors. Tenant shall not cause any of the locks or cylinders in the locks to be changed or re-keyed in any manner.

d. **Cleanliness of Dwelling Unit:** Tenant must keep the Dwelling Unit and the real property surrounding the Dwelling Unit free and clear of all debris, garbage and rubbish.

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Landlord Tenant

31. **Landlord's Maintenance and Repair of the Dwelling Unit:** Landlord shall be responsible for the maintenance and repair of all structural components, interior and exterior walls, floors, ceiling, roofs, sewer connections, plumbing, wiring, appliances and glass used in connection with the Dwelling Unit. More specifically, (i) any repairs, replacements, restorations, or maintenance that have been necessitated by reason of ordinary wear and tear; (ii) any repairs, replacements, restorations, or maintenance that have been necessitated by sudden natural forces or acts of God, or by fire not caused by Tenant; and (iii) any repairs, improvements or maintenance that are required by applicable state and municipal rental housing codes that govern the area in which the Dwelling Unit is located, including, *inter alia*, the Colorado Warranty of Habitability as set forth in C.R.S. § 38-12-501 *et seq.* Notwithstanding the foregoing provisions of the Lease, if repairs, replacements, restorations, or maintenance have been necessitated by any other reason including, without limitation, Tenant's intentional, reckless or negligent use, misconduct or abuse of the Dwelling Unit, improvements, or systems, then Tenant shall be responsible for the cost and expense for repairs, improvements, or maintenance occasioned by such acts or omissions. In the event the Parties agree in a separate writing to the contrary as specified herein for the Tenant to be responsible for certain repairs and maintenance beyond those articulated to be the Tenant's responsibility in the paragraph above, then the responsibilities of the Landlord, as set forth in this paragraph, shall be modified accordingly.

DEFAULT, NOTICE, AND REMEDIES

32. **Default:** If Tenant is in arrears in the payment of any installment of Rent, any Additional Rent, or in violation of any other covenants or agreements set forth in the Lease (a "Default") and the Default remains uncorrected for a period of three (3) days after Landlord has given written notice of the Default to Tenant pursuant to applicable law, then Landlord shall undertake any of the following remedies without limitation: (i) declare the Lease Term ended; (ii) terminate Tenant's right to possession of the Dwelling Unit and re-enter and repossess the Dwelling Unit pursuant to applicable provisions of the Colorado Forcible Entry and Unlawful Detainer statute; (iii) recover all present and future damages, costs and other relief to which Landlord is entitled; (iv) pursue Landlord's lien remedies; (v) pursue breach of contract remedies; and/or (vi) pursue any and all available remedies in law or equity. If possession is terminated by reason of a Default before the Lease Term expires, Tenant shall still be responsible for the Rent and Additional Rent occurring for the remainder of the Lease Term, subject to Landlord's duty to mitigate such damages. Pursuant to §§ 13-40-104 (d.5) and (e.5), and 13-40-107.5, C.R.S., hereby incorporated by reference, if repeated or substantial Default(s) occur under the Lease, Landlord may terminate Tenant's possession upon a written Notice to Quit, without a right to cure. Upon such termination, Landlord shall have available any and all of the above-listed remedies.

33. **Abandonment:** If Tenant abandons the Dwelling Unit, then Landlord may, without being obligated to do so and without terminating the Lease, retake possession of the Dwelling Unit and exercise any of the remedies contained in this Lease and/or under applicable law.

34. **Re-Entry:** If Landlord re-enters the Dwelling Unit as a result of abandonment or a Default by Tenant:

a. Tenant shall be liable for damages to Landlord for all loss sustained, including, without limitation, the balance of the Rent and Additional Rent, court costs and reasonable attorneys' fees; and

b. Tenant's personal property and the personal property of any guest, invitee, licensee or occupant may be removed from the Dwelling Unit and left on the street or alley or, at Landlord's option, it may be removed and stored or disposed of at Landlord's sole discretion. Any expense related to storage of Tenant's personal property is the sole responsibility of Tenant. Landlord shall not be deemed a bailee of the removed property, and Landlord shall not be held liable for either civil or criminal action as a result of the removal. Tenant shall indemnify Landlord for any expense in defending against any claim by Tenant or third-party and for any legal expense, cost, fine or judgment awarded to any third-party as a result of Landlord's action under the Lease Term; and

c. Landlord may attempt to re-let the Dwelling Unit for such rent and under such terms as Landlord believes appropriate; and

d. Landlord may enter the Dwelling Unit, clean and make repairs and charge Tenant accordingly; and

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- e. any money that Landlord receives from Tenant shall be applied first to Rent, Additional Rent, and other payments due; and
- f. Tenant will surrender all keys and peacefully surrender and deliver up possession of the Dwelling Unit.

35. **Breach of Warranty of Habitability:** In the event of a breach of the Warranty of Habitability (as further defined in Paragraph 54 of this Lease) the Parties are advised to refer to the Colorado Warranty of Habitability Law, codified at § 38-12-501 *et seq.*, C.R.S. for further requirements, responsibilities and remedies.

ADDITIONAL PROVISIONS

36. **Liability Indemnification/Waiver:** Tenant shall save Landlord harmless and indemnified from all injury, loss, claim or damage to any person or property while on the Dwelling Unit, or arising in any way out of Tenant's use of the Dwelling Unit. Landlord and Landlord's agents, contractors, and employees shall not be liable for, and Tenant waives all claims for, damage to person or property sustained by Tenant, resulting from any accident or occurrence in or on the Dwelling Unit, including, but not limited to, claims for damage resulting from: (i) any equipment or appurtenances becoming out of repair; (ii) Landlord's failure to keep the Dwelling Unit in repair; (iii) injury done or occasioned by wind, water, or other natural element; (iv) any defect in, or failure of, plumbing, heating or air-conditioning equipment (including wood stoves), electric wiring or installation thereof, gas, water and steam pipes, stairs, porches, railings or walks; (v) broken glass; (vi) the backing-up of any sewer pipe or downspout; (vii) the bursting, leaking or running of any tank, tub, sink, sprinkler system, water closet, waste pipe, drain or any other pipe or tank in, on or about the Dwelling Unit; (viii) the escape of steam or hot water; (ix) water, snow, or ice being on or coming through the roof, skylight, doors, stairs, walks, or any other place on or near the Dwelling Unit; (x) the falling of any fixtures, plaster or stucco; (xi) fire or other casualty; (xii) any act, omission or negligence of co-tenants or of other persons or occupants of the Dwelling Unit; and (xiii) any hazardous materials or conditions on the Dwelling Unit. Where used in this Paragraph: (a) Dwelling Unit includes any Common Areas, structures on any Common Areas, and any adjacent property; (b) Landlord includes Landlord's agents, respective successors and assigns, contractors, and employees; and (c) Tenant includes Tenant's invitees, licensees, or any other person claiming through Tenant. Nothing contained herein shall be deemed to constitute a waiver of any rights, responsibilities or remedies as may be explicitly imposed by the Colorado Warranty of Habitability Law, codified at § 38-12-501 *et seq.*, C.R.S.

37. **Insurance:** Landlord, in its sole discretion and for its sole benefit, shall cause the Dwelling Unit to be insured as it deems appropriate. Tenant shall have no right or claim to any insurance or insurance proceeds. Tenant understands and agrees that Landlord has no obligation to obtain insurance for Tenant including, but not limited to, liability, hazard, or contents insurance. Tenant shall obtain renter's insurance at Tenant's sole cost and expense, and for Tenant's sole benefit.

38. **Real and Personal Property Taxes:** Landlord shall pay the real property taxes assessed upon the Dwelling Unit during the Lease Term. Tenant shall be responsible for paying all of the personal property taxes assessed to or applicable to any personal property maintained by Tenant in the Premises during the Lease Term.

39. **Destruction or Condemnation of Dwelling Unit:** Landlord's and Tenant's duties and responsibilities are as follows when destruction or condemnation of the Dwelling Unit occurs:

- a. **Partial Destruction of the Dwelling Unit:** In case of partial destruction to the Dwelling Unit by fire, the elements, or other casualty, Landlord, at its discretion, may repair the Dwelling Unit with reasonable dispatch after notice of the partial destruction. Tenant shall still be responsible for payment of Rent. If Landlord determines that the partial destruction may not be repaired, Subparagraph (d) of this Paragraph shall be effective.

- b. **Dwelling Unit Untenable:** If the Dwelling Unit are made totally untenable by fire, the elements or other casualty, or if the building in which the Dwelling Unit are located is partially destroyed to the

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Landlord
Tenant

point where Landlord, within a reasonable time, decides not to rebuild or repair, then Subparagraph (d) of this Paragraph shall be effective.

c. **Condemnation:** If the whole or any part of the Dwelling Unit rented under the Lease is taken by any authority for any public or quasi-public use or purpose, then Subparagraph (d) of this Paragraph shall be effective. All damages and compensation awarded for any taking shall be the sole property of Landlord.

d. **Termination of Lease Term:** Tenant agrees that if Landlord decides not to repair or rebuild the Dwelling Unit where the destruction has occurred as described in Subparagraphs (a) and (b) of this Paragraph, the Lease Term will cease and the Rent and Additional Rent will be prorated and payable up to the time of the cessation of the Lease Term. A refund will be given for the balance of any Rent paid in advance for which Tenant did not have use of the Dwelling Unit due to the cessation of the Term under the conditions of this clause. Where the Dwelling Unit has been taken due to condemnation as described in Subparagraph (c) of this Paragraph, the Lease Term will cease and terminate on the date that possession of the Dwelling Unit is taken by the authority. Rent and Additional Rent will be prorated and payable up to the time of the cessation of the Lease Term. Tenant shall not hold Landlord liable for any damages as a result of any of the acts or events described in this subparagraph.

40. **Holdover:** Tenant must vacate the Dwelling Unit and remove all of Tenant's personal property from the Dwelling Unit before 11:59 p.m. on the date the Lease Term expires or its earlier termination. If Tenant fails to vacate upon the expiration of the Lease Term, Landlord may immediately commence eviction proceedings at its sole discretion. If, after the Lease expires, Tenant remains in possession of the Dwelling Unit and continues to pay Rent without a written agreement as to possession, then the tenancy will be regarded as a tenancy at will, at a monthly rental, payable in advance, in the amount of \$1,500 per month in holdover rent, and subject to all the terms and conditions of the Lease. During the holdover period, Landlord shall provide Tenant with 3 days notice prior to termination of the month-to-month tenancy.

41. **Entry by Landlord:** Landlord may enter the Dwelling Unit at reasonable hours for reasonable purposes (such as repairs, inspections or re-letting to prospective new tenants). Landlord may also enter the Dwelling Unit in the event of an emergency, without notice, or in the event Tenant vacates and/or abandons the Dwelling Unit.

42. **Guarantor:** If either the Lease or the Sublease is guaranteed, the person(s) guaranteeing the Lease and/or Sublease ("**Guarantor**") absolutely guarantees Tenant's obligations and performance under the Lease. Guarantor further agrees to be bound by the same covenants and conditions of the Lease and makes the same warranties and representations as Tenant under the Lease. If Tenant defaults in the performance of Tenant's obligations under the Lease, Guarantor will perform Tenant's obligations.

43. **Subordination:** The Lease is subordinate to all existing and future mortgages, deeds of trust and other security interests on the Dwelling Unit.

44. **Notices:** All notices required to be sent under the Lease must be in writing and either be: (i) delivered as provided by applicable law, including *inter alia*, §§ 13-40-101, C.R.S., *et seq.* (Colorado Forcible Entry and Unlawful Detainer statute); (ii) personally delivered, with proper proof of service; or (iii) sent via U.S. first class mail, postage prepaid. All notices required to be sent to Landlord must be sent or delivered to the address where the Rent is to be paid, and all notices required to be sent to Tenant must be sent or delivered to the Dwelling Unit, unless otherwise specified. Notwithstanding the foregoing, all notices involving or concerning §§ 13-40-101 *et seq.*, C.R.S., and § 38-12-501 *et seq.*, C.R.S. must be delivered as provided in this law.

45. **Attorneys' Fees:** If either party fails to perform any of its obligations under the Lease, or if a dispute arises concerning the meaning or interpretation of any provision of the Lease, then the defaulting party or the party not prevailing in the dispute, as the case may be, must pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under the Lease, including, without limitation, court costs and reasonable attorneys' fees as per §13-40-123, C.R.S.

Initials: _____
Landlord Tenant

46. **Governing Law:** The Lease is governed by and construed in accordance with the laws of the State of Colorado. Venue is proper in San Miguel County.

47. **Amendments and Termination:** Unless otherwise provided in the Lease, the Lease may be amended, modified, or terminated only by a written instrument executed by Landlord and Tenant.

48. **Captions:** The Paragraph titles or captions in the Lease are for convenience only and shall not be deemed to be part of the Lease.

49. **Pronouns; Joint and Several Use of Certain Terms:** Whenever the terms referred to in the Lease are singular, the same shall be deemed to mean the plural, as the context indicates, and vice versa. All references to the "Landlord" mean Landlord and/or its authorized agents, contractors, or employees as may be required by the specific context. All references to "Tenant" mean each and every person comprising Tenant or an individual person or combination of persons comprising Tenant as may be required by the specific context.

50. **Waivers:** No right under the Lease may be waived except by written instrument executed by the Party who is waiving that right. No waiver of any breach of any provision contained in the Lease shall be deemed a waiver of any preceding or succeeding breach of that provision or of any other provision contained in the Lease. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

51. **Severability:** If any term, covenant, condition, or provision of the Lease or the application thereof to any person or circumstance is found, at any time or to any extent, to be invalid or unenforceable, the remainder of the Lease, or the application of that term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of the Lease shall be valid and shall be enforced to the fullest extent permitted by law.

52. **Lead-Based Paint Disclosure Rule:** Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Tenant must also receive a federally approved pamphlet on lead poisoning prevention. If the Dwelling Unit were constructed before 1978, Landlord must comply with the Lead-Based Paint Disclosure Rule, 42 U.S.C. § 4852(d).

53. **Other Applicable Laws:** Federal, state, county and/or municipal laws and ordinances, which are not specifically addressed in the Lease, may affect the Dwelling Unit, the Lease and the Landlord/Tenant relationship. The Colorado Warranty of Habitability statute, codified at § 38-12-501 *et seq.*, C.R.S., contains explicit responsibilities and remedies for both the Landlord and Tenant concerning use, condition and occupancy of the Dwelling Unit. Landlord and Tenant should consult legal counsel before executing the Lease to ascertain such information.

COLORADO WARRANTY OF HABITABILITY

54. **Colorado Warranty of Habitability Statute:** The Colorado Warranty of Habitability Law, codified at § 38-12-501 *et seq.*, C.R.S (the "Warranty of Habitability") imposes certain statutory obligations as to the condition of the Dwelling Unit. As such, the Landlord hereby represents and warrants in this Lease, that the Dwelling Unit is fit for human habitation. Landlord shall be deemed to breach the aforementioned Warranty of Habitability in the event that:

a. The Dwelling Unit is uninhabitable as described in § 38-12-505, C.R.S., or otherwise unfit for human habitation; and

b. The Dwelling Unit is in a condition that is materially dangerous or hazardous to the Tenant's life, health, or safety; and

Initials: _____
Landlord Tenant

c. The Landlord has received written notice of the condition described in above and has failed to cure the problem within a reasonable time.

55. **Uninhabitable Dwelling Unit.** Section 38-12-505(1), C.R.S., provides that the Dwelling Unit is deemed uninhabitable if it substantially lacks any of the following characteristics:

a. Waterproofing and weather protection of roof and exterior walls maintained in good working order, including unbroken windows and doors;

b. Plumbing or gas facilities that conformed to applicable law in effect at the time of installation and that are maintained in good working order;

c. Running water and reasonable amounts of hot water at all times furnished to appropriate fixtures and connected to a sewage disposal system approved under applicable law;

d. Functioning heating facilities that conformed to applicable law at the time of installation and that are maintained in good working order;

e. Electrical lighting, with wiring and electrical equipment that conformed to applicable law at the time of installation, maintained in good working order;

f. Common areas and areas under the control of the Landlord that are kept reasonably clean, sanitary, and free from all accumulations of debris, filth, rubbish, and garbage and that have appropriate extermination in response to the infestation of rodents or vermin;

g. Appropriate extermination in response to the infestation of rodents or vermin throughout the Dwelling Unit;

h. An adequate number of appropriate exterior receptacles for garbage and rubbish, in good repair;

i. Floors, stairways, and railings maintained in good repair;

j. Locks on all exterior doors and locks or security devices on windows designed to be opened that are maintained in good working order; or

k. Compliance with all applicable building, housing, and health codes, which, if violated, would constitute a condition that is dangerous or hazardous to Tenant's life, health, or safety.

It is further understood that no deficiency in the Common Area shall render the Dwelling Unit uninhabitable as set forth in the Warranty of Habitability, unless it materially and substantially limits the Tenant's use of his or her Dwelling Unit. Notwithstanding the foregoing, when any condition described above is caused by misconduct of the Tenant, a member of the Tenant's household, a guest or invitee of the Tenant, or a person under the Tenant's direction or control, the condition shall not constitute a breach of the Warranty of Habitability. It shall not be misconduct by a victim of domestic violence or domestic abuse under § 38-12-503(3), C.R.S., if the condition is the result of domestic violence or domestic abuse and the Landlord has been given written notice and evidence of domestic violence or domestic abuse as described in § 38-12-402 (2) (a), C.R.S.

56. **Reserved.**

57. **Entire Agreement:** This Lease constitutes the entire agreement between the Parties hereto and supersedes all previous agreements between the Parties with respect to the subject matter hereof, whether written or oral, and shall be amended, supplemented or altered only by written agreement executed by both Parties.

THE PARTIES SHOULD INITIAL EACH PAGE OF THE LEASE AND SIGN BELOW. EACH PARTY SHOULD RECEIVE A SIGNED COPY OF THE LEASE.

EXECUTED AND DELIVERED BY THE PARTIES AS OF THE EFFECTIVE DATE.

Initials: _____
Landlord Tenant

TENANT:
ELITE MANAGEMENT LLC, A COLORADO
LIMITED LIABILITY COMPANY

LANDLORD:
ELKSTONE OWNERS ASSOCIATION, INC., A
COLORADO NONPROFIT CORPORATION

By: _____
Daniel E. Dockray

By: _____
Lee A. Hooper, President

Initials: _____
Landlord Tenant

Schedule 2
(to Unanimous Consent)

Sterling Reconveyance Option

RECONVEYANCE OPTION AGREEMENT

THIS RECONVEYANCE OPTION AGREEMENT (the "**Option Agreement**") is made and entered into, effective as of the ___ day of March 2014 (the "**Effective Date**"), by and between ELKSTONE OWNERS ASSOCIATION, INC., a Colorado non-profit corporation ("**Grantor**") and STERLING CAPITAL LLC, a Georgia limited liability company, its successors and assigns ("**Grantee**"). Grantor and Grantee sometimes are jointly referenced hereinafter as the "**Parties**," and each individually as a "**Party**."

RECITALS

WHEREAS, pursuant to (i) that certain Special Warranty Deed executed and delivered by the Parties and recorded together with this Option Agreement (the "**Deed**") and (ii) the Town of Mountain Village Amended and Restated Employee Housing Deed Restriction Modification recorded together with this Agreement at the Office of the San Miguel County Clerk and Recorder (the "**Amended Deed Restriction Modification**"), Grantee has conveyed to Grantor that certain property situated in San Miguel County, State of Colorado, described as follows:

Condominium Unit 29, Elkstone, according to the Declaration of Covenants, Conditions and Restrictions for Elkstone, recorded May 16, 2003 under Reception No. 357307, and First Supplement to Declaration recorded July 11, 2005 at Reception No. 376074, Second Supplement recorded December 13, 2006 at Reception No. 388999, and Third Supplemental Declaration recorded July 27, 2007 at Reception No. 395385, Fourth Supplemental Declaration recorded June 29, 2011 at Reception No. 418710, First Amendment to the Declaration of Covenants, Conditions and Restrictions for Elkstone recorded October 4, 2011 under Reception No. 419926 and Second Amendment to the Declaration of Covenants, Conditions and Restrictions for Elkstone recorded February 14, 2012 under Reception No. 421657 and the Condominium Map recorded May 16, 2003 in Plat Book 1, at page 3138, under Reception No. 357310, as amended by First Supplemental Map to Elkstone Common Interest Community Map, recorded July 11, 2005 in Plat Book 1 at page 3484, under Reception No. 376075, as amended by Second Supplemental Map to Elkstone Common Interest Community Map recorded December 13, 2006 in Plat Book 1 at page 3778, under Reception No. 389000, as amended by the Third Supplemental Map to Elkstone Common Interest Community Map recorded July 27, 2007 in Plat Book 1 at page 3857 under Reception No. 395384, as amended by the Fourth Supplemental Map to Elkstone Common Interest Community Map recorded April 26, 2010 in Plat Book 1 at page 4332 under Reception No. 412201, as amended by the Fifth Supplemental Map to Elkstone Common Interest Community Map recorded July 29, 2011 in Plat Book 1 at page 4478 under Reception No. 418711, as amended by the First Amended Map for Elkstone Common Interest Community Map recorded October 4, 2011 in Plat Book 1 at page 4509 under Reception No. 419927, and as amended by the Second Amended Map for Elkstone Common Interest Community Map recorded February 14, 2012 in Plat Book 1 at page 4521 under Reception No. 421658 of the records of the Clerk and Recorder for San Miguel County, Colorado,
Together with the benefits as set forth in Easement Agreement recorded, October 20, 2000 at Reception No. 337660, and Easement Agreement recorded, October 30, 2000 at Reception No. 337659,
County of San Miguel,
State of Colorado.

Also known as 500 Mountain Village Boulevard, Unit 29 ("**Unit 29**").

WHEREAS, by the Deed, Grantee is conveying to Grantor title in and to Unit 29, as an Elkstone 21 Limited Common Element, conditioned on the terms of this Option Agreement and the Amended Deed Restriction Modification requiring Grantor's continued and regular use of Unit 29 to provide onsite housing (the "**Property Manager Use**") for an Elkstone 21 Units onsite property manager (the "**Property Manager**"); and

WHEREAS, for purposes of ensuring confirmation of Grantee's goals set forth herein, Grantee is requiring, and Grantor agrees to accept title in and to Unit 29 subject to, the absolute right for Grantee to demand reconveyance of Unit 29, on the terms and conditions set forth in this Option Agreement and pursuant to the Amended Deed Restriction Modification (the "**Reconveyance Right**");

NOW, THEREFORE, in consideration of (i) the Deed; (ii) the mutual covenants and promises contained herein; and (iii) other good and valuable consideration, the receipt and sufficiency of all of which hereby are acknowledged, confirmed and accepted (collectively, the "**Consideration**"), the Parties hereby agree, as follows:

1. **Grant and Acceptance of Reassignment Right.** In return for the Consideration, Grantor hereby grants to Grantee, and Grantee hereby accepts, the Reconveyance Right, on the terms more particularly set forth below.

1.1. Grantee shall have the unilateral ability to demand immediate compliance with the right to require reconveyance of Unit 29 back to Grantee, should Grantor no longer desire or actually cease to lease Unit 29 for the Property Manager Use and/or otherwise cease or fail to comply with the terms and conditions required by the Amended Deed Restriction Modification (the "**Unit 29 Use Cessation**"). Such right to require compliance with the Reconveyance Right shall apply, whether or not Grantor notifies Grantee of such Unit 29 Use Cessation.

1.2. The foregoing notwithstanding, Grantor shall have the affirmative obligation to execute and deliver (within no later than ten business days after the first day Grantor intends to effect the Unit 29 Use Cessation), a special warranty deed reconveying title in and to Unit 29 to Grantee, in substantially the same form as the Deed (the "**Unit 29 Reconveyance**") and subject to any and all exceptions of record.

1.3. Alternatively, should Grantee reasonably believe Unit 29 is subject to the Unit 29 Use Cessation, Grantee shall have the right (but not the obligation) to provide written notice to Grantor requiring that Grantor certify in writing, in a form reasonably acceptable to Sterling, within five business days (the "**Certification Deadline**") that Unit 29 has been properly used for the Property Manager Use within the last 60 days (the "**Occupancy Certification**").

1.4. If Grantor fails to provide to Grantee the Occupancy Certification on or before the Certification Deadline, then a Unit 29 Use Cessation shall be deemed to have occurred and, in that event, Grantor shall execute and deliver to Grantee the Unit 29 Reconveyance within 10 business days after the Certification Deadline.

1.5. Grantor shall neither convey Unit 29 to any third party, nor allow any person other than the Property Manager and his/her guests and invitees to occupy Unit 29, except in strict compliance with both this Option Agreement and the Amended Deed Restriction Modification.

2. **The Parties' Reserved Rights to Amend this Option Agreement.** Nothing contained in this Option Agreement shall in any manner preclude or prevent the ability of the

Parties to alter, waive or amend all or any portion of the provisions or requirements set forth herein; provided, however, that any such amendment must comply with the Amended Deed Restriction Modification. The Parties hereby specifically acknowledge and agree that no rights in or to any third parties shall be created by this Option Agreement and that no consents or approvals of any kind shall be required by any third parties to alter, waive or amend all or any portion of this Option Agreement in compliance with the Amended Deed Restriction Modification.

3. **Miscellaneous.**

3.1 Covenants Run With the Land. This Option Agreement and the rights and obligations created hereunder shall both benefit and bind each of the Parties and their respective successors, heirs and assigns and shall both benefit and burden title in and to Unit 29 and Grantor's Elkstone 21 Limited Common Elements.

3.2 Entire Covenants Agreement; Modification. The terms and conditions of this Option Agreement constitute the entire understanding and agreement of the Parties regarding the matters addressed herein and supersede all prior agreements, whether oral or written, between the Parties respecting such matters. This Option Agreement only may be amended, modified or changed by a written instrument signed by both Parties.

3.3 Remedies. In the event that either Party fails fully to perform any obligation contained herein, or interferes with the rights of the other Party set forth herein, the non-defaulting Party shall have the right to recover damages and/or pursue equitable remedies (specifically including injunctive or specific performance remedies) through judicial action.

3.4 Attorneys' Fees. In the event of any controversy, claim or dispute relating to or arising from this Option Agreement and/or the provisions contained herein, the prevailing Party shall be awarded legal fees and related expenses (both court costs and costs of any expert witnesses or consultants) including, without limitation, all post-judgment fees and expenses and costs of collection.

3.5 Governing Law and Venue. This Option Agreement shall be construed under the laws of the State of Colorado, with venue for any action lying in San Miguel County.

3.6 Notice. Any notice provided or permitted to be given pursuant to this Option Agreement shall be made in writing and may be given by personal delivery, facsimile/electronic transmission or by depositing such notice in the United States mail, postage prepaid, certified with return receipt requested, and addressed to the Party to be notified. Notice deposited in the mail in the foregoing manner shall be deemed received three days after it is so deposited, excluding Sunday and postal holidays. Notice given in any other manner shall be effective only if and when actually received by the Party to be notified. For purposes of notice, the addresses of the Parties shall be as set forth below until changed. Any Party, by notifying the other Party in the manner provided in this Paragraph, may designate a different address for receipt of subsequent notices.

If to Grantor: Elkstone Owners Association, Inc.
12 Elkstone Place
Mountain Village, CO 81435

With a Copy to: Russell & Pieterse, LLC
c/o Nicole Y. Pieterse, Esq.
P.O. Box 2673
Telluride, Colorado 81435
nicolepieterse@lawtelluride.com

If to Grantee: Sterling Capital LLC
c/o Lee A. Hooper
Two Ravinia Drive, Suite 1120
Atlanta, GA 30346-2107
lee.hooper@sterlingtr.com

With a Copies to: Tueller & Associates, P.C.
c/o Douglas R. Tueller, Esq.
618 Mountain Village Boulevard, Suites 201 and 202
Mountain Village, Colorado 81435
dtueller@tuellerlaw.com

Holt Ney Zatzoff & Wasserman, LLP
c/o Robert G. Holt, Esq.
100 Galleria Parkway
Suite 1800
Atlanta, GA 30339-5960
Rholt@HNZW.com

3.7 Counterparts/Recordation. This Option Agreement may be executed in multiple counterparts or by legible facsimile/electronic copy, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same instrument. The facsimile/electronic transmission of a signed copy of this Option Agreement shall be considered valid and constitute a signed original. Additionally, Grantor agrees to transmit to Grantee an agreement containing Grantor's original signature. The Parties agree that Grantee thereafter shall countersign and record the same document in the Office of the San Miguel County Clerk and Recorder.

3.8 Time is of the Essence. Time is strictly of the essence hereof.

(Signatures on the following page)

IN WITNESS WHEREOF, the Parties have executed and delivered this Option Agreement, as of the Effective Date.

GRANTOR:

ELKSTONE OWNERS ASSOCIATION, INC.,
a Colorado non-profit corporation

By: _____
Daniel E. Dockray, Vice President

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing Assignment and Assumption was acknowledged before me this ____ day of March 2014, by Daniel E. Dockray, Vice President of Elkstone Owners Association, Inc.

My commission expires: _____

Witness my hand and official seal.

Notary Public

GRANTEE:

STERLING CAPITAL LLC,
a Georgia limited liability company

By: _____
Lee A. Hooper, Manager

STATE OF GEORGIA)
) ss.
COUNTY OF FULTON)

The foregoing Assignment and Assumption was acknowledged before me this ____ day of March 2014, by Lee A. Hooper, Manager of Sterling Capital LLC.

My commission expires: _____

Witness my hand and official seal.

Notary Public

Schedule 3
(to Unanimous Consent)
The Management Agreement

ELITE MANAGEMENT LLC
PROPERTY MANAGEMENT AGREEMENT
Elkstone 21, 12 Elkstone Place, Mountain Village, Colorado

This PROPERTY MANAGEMENT AGREEMENT (“**Agreement**”) is made this 12th day of March, 2014, between ELKSTONE OWNERS ASSOCIATION, INC (the “**Association**”), with an address of 12 Elkstone Place, Mountain Village, CO 81435, and ELITE MANAGEMENT LLC, a Colorado limited liability company (the “**Property Manager**”), with an address of P.O. Box 224 Placerville, CO 81430. The Association and the Property Manager shall be sometimes referenced hereinafter jointly as the “**Parties**” and individually as a “**Party.**” The Parties hereby agree, as follows:

1. **ENGAGEMENT OF PROPERTY MANAGER.** The Association serves as the owners’ association charged with administering (i) the “*Common Elements*” of Elkstone, a Colorado Common Interest Ownership Community (“**Elkstone**”), which Common Elements include the “*Elkstone 21 L.C.E.s*” and (ii) certain aspects of the Elkstone 21 Units, pursuant to the Elkstone governing documents (the “**Elkstone 21 Management Duties**”). The Association hereby retains the Property Manager to undertake the Elkstone 21 Management Duties pursuant to the terms hereinafter contained.

2. **INDEPENDENT CONTRACTOR.** The Property Manager is an independent contractor and is not an employee, partner or joint venture of, or in any other service relationship with the Association. The Property Manager shall be responsible for all taxes arising from compensation and other amounts paid under this Agreement, and shall be responsible for all payroll taxes and fringe benefits of the Property Manager’s employees (if any). Neither federal, nor state, nor local income tax, nor payroll tax of any kind, shall be withheld or paid by the Association on behalf of the Property Manager or its employees. The Property Manager understands that it is responsible to pay, according to law, the Property Manager’s taxes and the Property Manager shall, when requested by the Association, properly document to the Association that any and all federal and state taxes have been paid.

3. **TERM OF AGREEMENT.** The term of this Agreement shall be January 1st, 2014 to December 31, 2014 (the “**Term**”). The Term shall automatically renew for one year (ending December 31, 2015), unless the Association provides written notice of cancellation to the Property Manager on or before October 31, 2014. Thereafter, the Term automatically shall renew annually, unless the Association provides written cancellation notice by October 31st of the applicable year or as otherwise terminated pursuant to this Agreement.

4. **TERMINATION OF AGREEMENT.** Either Party shall have the right to terminate this Agreement no less than 60 days after providing written notice of termination to the other Party. The Residence Lease between the Association and the Property Manager dated effective January 1, 2014 automatically shall terminate upon termination of this Agreement.

5. **SERVICES PROVIDED BY PROPERTY MANAGER.**

5.1 **Standard Services.** During the Term, the Property Manager shall provide the Association with the services set forth in Exhibit “A” attached hereto (the “**Standard Services**”). The monthly compensation for performance of the Standard Services is \$6,000 per month (the “**Total Compensation**”) consisting of the following: (1) \$5,000 cash payment by the Association to the Property

Manager (the "Monthly Fee") and (2) \$1,000 deemed to be satisfied by making Elkstone 21 Unit 29 available for occupancy by the Property Manager. The Monthly Fee shall be due and payable by the Association on or before the 1st day of each month during the Term and shall be deemed late if paid after the 10th day of the month. If the Monthly Fee is received later than 10 days after the date when due, the Parties agree that an additional payment in the amount of \$5.00 per day shall also be due and payable for each day the Monthly Fee is past due.

5.2 **Additional Services.** The Association shall have the option of engaging the Property Manager to provide additional services for an additional fee as set forth in Exhibit "B" ("**Additional Services**") upon written request by the Association. The Property Manager shall invoice the Association for such Additional Services in accordance with the rates set forth in Exhibit "B" and shall send the Association a monthly invoices setting forth the time spent on each Additional Services requested by the Association. Payment for such Additional Services (the "**Services Payment**") shall be due and payable within ten days from the date of the invoice submitted to the Association by the Property Manager. If the Services Payment is received later than 10 days after the date when due, the Parties agree that an additional payment in the amount of \$5 per day shall also be due and payable for each day the Services Payment is past due.

6. **INSURANCE.**

6.1 **Association's Insurance.** The Association shall maintain in full force and effect throughout the Term, property and casualty insurance in the full replacement value of Elkstone and liability insurance of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate. The Property Manager shall be named as an additional insured on such policies.

6.2 **Property Manager's Insurance.** The Property Manager shall maintain in full force and effect throughout the Term liability insurance coverage in accordance with the Certificate of Insurance attached hereto as Exhibit "C", which is incorporated herein by this reference. The Association and the Owners shall be named as an additional insured on such policy.

7. **ENTIRE AGREEMENT.** This Agreement and the attachments hereto contain the entire Agreement between Parties with respect to their transaction and shall not be modified or amended except by an instrument in writing signed by or on behalf of both Parties.

8. **BINDING EFFECT: ASSIGNMENTS.** This Agreement shall be binding on the Parties and their successors, assigns, heirs, and personal representatives. No salesman, employee or representative of the Property Manager or any other person has authority to modify the terms hereof or make any agreements, representations or promises unless the same are contained herein or added by written instrument and attached hereto, duly approved by the Association and the Property Manager.

9. **GOVERNING LAW.** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Colorado.

10. **INVALIDITY OF PART SHALL NOT AFFECT REMAINDER.** The invalidity in whole or in part of any covenant, promise or undertaking or any section, subsection, sentence, clause, phrase or word, or of any provision of this Agreement shall not affect the validity of the remaining portions hereof.

11. **WAIVER OF BREACH.** The waiver by a Party of a breach of any provision of this Agreement by the other Party shall not operate or be construed as a waiver of any other or subsequent breach by the Party in breach.

12. **NO THIRD PARTY BENEFICIARY.** Nothing in this Agreement, express or implied, is intended or will be construed to confer upon any person any remedy or claim under or by reason of this Agreement or any term, covenant or condition hereof, as third party beneficiaries or otherwise, and all of the terms, covenants and conditions hereof will be for the sole and exclusive benefit of the Parties hereto and their successors and assigns.

13. **INDEMNIFICATION.** Property Manager agrees to indemnify, defend, protect and hold harmless the Association from and against any and all losses, claims, costs, damages, expenses, demands, judgments or the like including attorneys' fees and other expenses of litigation, reasonably incurred in connection with any claim, action, suit or proceeding arising out of the negligence or willful misconduct of Property Manager, its employees, representatives or agents, in the performance of services under this Agreement.

14. **DISPUTES.** In the event of a dispute between the Parties arising out of or related to this Agreement, the Parties agree to enter into formal mediation in San Miguel County, with mediator chosen by joint agreement between the Association's and the Property Manager's attorney, as a precondition of the filing of any lawsuit. The primarily prevailing Party in such a dispute shall be entitled to its costs and reasonable attorneys' fees.

15. **NOTICE.** All notices or demands which may or are required to be given pursuant to this Agreement must be in writing and shall be deemed to have been given and received when deposited in the U.S. mail certified, return receipt requested, postage prepaid, to the addresses set forth below. Notice shall also be deemed to have been fully given or made or sent when made in writing and hand delivered. The address to which any notice, demand, or writing may be given or made or sent to any Party as above provided may be changed by written notice given such Party as above provided.

Property Manager: Elite Management LLC
P.O. Box 224
Placerville, CO 81430

Association: Elkstone Owners Association, Inc.
12 Elkstone Place
Mountain Village, CO 81435

IN WITNESS WHEREOF, the Parties hereto have fully executed this Agreement as of the date first hereinabove written.

ASSOCIATION

ELKSTONE OWNERS ASSOCIATION, INC.,
a Colorado nonprofit corporation

By: _____
Lee A. Hooper, Director

Date: _____

By: _____
Elizabeth B. Barth, Director

Date: _____

PROPERTY MANAGER

ELITE MANAGEMENT LLC,
a Colorado limited liability company

By: _____
Daniel E. Dockray, Manager

Date: _____

EXHIBIT A
STANDARD SERVICES

Elite Management LLC

Our policy is to preserve every properties value with attention to every detail. We strive to provide our customers with service above and beyond what is generally expected. Each property is different and we customize our service to match the residences unique features and every owner's personal requests. Below is an outline of what we offer to every home owner in our program.

Services included: Weekly checks are included in the following list.

- **Visually inspect exterior of property for obvious maintenance needs**
- **Run water, flush toilets, check for leaks.**
- **Check for appropriate temperature and boiler function.**
- **Check lights and change bulbs (cost of bulbs not included).**
- **Make sure other service providers have completed weekly work ex. (Landscaping, snow removal, window washing, boiler service, cleaning, etc)**
- **Visually inspect doors, windows, walls, ceilings and floors for damage or maintenance needs.**

We conduct quarterly more detailed checks as well that include the above, and the following:

- **Inspect all elements inside and outside of the unit, including running all appliances.**
 - **Check all doors and windows for proper operation.**
 - **Conduct a detailed list of maintenance and regular repair that is necessary to keep the residence in the best condition possible.**
 - **Update the owner on current “to do” list and other pertinent information for the property.**
 - **Detail any service needed to exterior walls, windows and ceiling**
 - **Provide bids for maintenance and upgrades, and to manage all service/construction companies that bid these services for all units**
 - **Attend HOA meetings**
-
- **Seasonal Maintenance and Service**
 - **Manage Yearly service to windows, landscaping, doors, roof, decks, gutters, snowremoval, elevators, boilers, heaters, air conditioners, and other attached common area systems and unit systems.**
 - **Manage seasonal powerwashing, cleaning, and prep for winter/summer appropriately.**
 - **Review with owners recommended preventative maintenance, like staining, sealing, service to appliances.**

EXHIBIT B
ADDITIONAL SERVICES

Normally the below services are additional to the management fee. But for this unique agreement for Elkstone 21 the following is included as a standard service.

- **Concierge services-** If you would like your trip planned at any level we will provide the local expertise and services to make it perfect. We can set up in home massage, chef services, restaurant reservations, and a wide range of outdoor activities. All activities subject to fees and are not operated or included in the Elite Management agreement, Elite Management simply provides the service of scheduling the activities.
- **Grocery service-** We can have your home stocked with food and beverages for a relaxing vacation with no headaches. (This will be managed by Elite Management but is subject to the grocery cost and fee for the service provider.)
- **Mail/Package Delivery-** Receiving packages is included, and placing them inside the units.

For services beyond the

- **General Labor-**We charge \$40 an hour for general labor, that can include moving furnishings, snow removal, car delivery, and any other service that you may desire. We will strive to provide anything that is reasonable. (This will be charged to each unit owner as applicable)

EXHIBIT C
PROPERTY MANAGER'S INSURANCE CERTIFICATE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/22/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Insurance of the San Juans 746 East Main Street Montrose CO 81401		CONTACT NAME: Barbara Bailey PHONE (A/C No. Ext): (970) 252-8580 FAX (A/C. No.): (970) 252-1983 E-MAIL ADDRESS: barbara@insurancesanjuans.com	
INSURED Elite Management, LLC PO Box 224 Placerville CO 81430		INSURER(S) AFFORDING COVERAGE INSURER A: Ohio Security Insurance Co. INSURER B: Pinnacol Assurance NAIC # 41190 INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CL1442205222 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			BLS55087800	4/1/2014	4/1/2015	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$ 2,000,000
	AUTOMOBILE LIABILITY						PRODUCTS - COMP/OP AGG \$ 2,000,000
	ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$
	ALL OWNED AUTOS						BODILY INJURY (Per person) \$
	HIRED AUTOS						BODILY INJURY (Per accident) \$
	SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$
	NON-OWNED AUTOS						\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	EXCESS LIAB						AGGREGATE \$
	DED						\$
	RETENTION \$						
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			4156935	6/1/2013	6/1/2014	WC STATU-TORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT \$ 100,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 100,000
							E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
The Certificate Holder is shown as Additional Insured on the above General Liability policy for all work done by the Insured for the Certificate Holder.

CERTIFICATE HOLDER Elkstone Owners Association, Inc. 12 Elkstone Place Mountain Village, CO 81435	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Barbara Bailey/BARB
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Schedule 4
(to Unanimous Consent)

The Deed

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is dated effective as of this 12th day of March, 2014 (the “**Effective Date**”) and is made by and between STERLING CAPITAL LLC, a Georgia limited liability company (“**Grantor**”), and ELKSTONE OWNERS ASSOCIATION, INC., a Colorado non-profit corporation (“**Grantee**”), whose legal address is 12 Elkstone Place, Mountain Village, Colorado 81435.

WITNESS, that Grantor, for and in consideration of the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged and accepted, hereby grants, bargains, sells, conveys and confirms unto Grantee and Grantee’s successors and assigns forever, all the real property, together with any improvements, thereon, located in the County of San Miguel and State of Colorado described, as follows (the “**Property**”):

Condominium Unit 29, Elkstone, according to the Declaration of Covenants, Conditions and Restrictions for Elkstone, recorded May 16, 2003 under Reception No. 357307, and First Supplement to Declaration recorded July 11, 2005 at Reception No. 376074, Second Supplement recorded December 13, 2006 at Reception No. 388999, and Third Supplemental Declaration recorded July 27, 2007 at Reception No. 395385, Fourth Supplemental Declaration recorded June 29, 2011 at Reception No. 418710, First Amendment to the Declaration of Covenants, Conditions and Restrictions for Elkstone recorded October 4, 2011 under Reception No. 419926 and Second Amendment to the Declaration of Covenants, Conditions and Restrictions for Elkstone recorded February 14, 2012 under Reception No. 421657 and the Condominium Map recorded May 16, 2003 in Plat Book 1, at page 3138, under Reception No. 357310, as amended by First Supplemental Map to Elkstone Common Interest Community Map, recorded July 11, 2005 in Plat Book 1 at page 3484, under Reception No. 376075, as amended by Second Supplemental Map to Elkstone Common Interest Community Map recorded December 13, 2006 in Plat Book 1 at page 3778, under Reception No. 389000, as amended by the Third Supplemental Map to Elkstone Common Interest Community Map recorded July 27, 2007 in Plat Book 1 at page 3857 under Reception No. 395384, as amended by the Fourth Supplemental Map to Elkstone Common Interest Community Map recorded April 26, 2010 in Plat Book 1 at page 4332 under Reception No. 412201, as amended by the Fifth Supplemental Map to Elkstone Common Interest Community Map recorded July 29, 2011 in Plat Book 1 at page 4478 under Reception No. 418711, as amended by the First Amended Map for Elkstone Common Interest Community Map recorded October 4, 2011 in Plat Book 1 at page 4509 under Reception No. 419927, and as amended by the Second Amended Map for Elkstone Common Interest Community Map recorded February 14, 2012 in Plat Book 1 at page 4521 under Reception No. 421658 of the records of the Clerk and Recorder for San Miguel County, Colorado,

Together with the benefits as set forth in Easement Agreement recorded, October 20, 2000 at Reception No. 337660, and Easement Agreement recorded, October 30, 2000 at Reception No. 337659,

County of San Miguel,
State of Colorado.

Also known as 500 Mountain Village Boulevard, Unit 29.

