



PURCHASE AND SALE AGREEMENT FOR THE SMITH RANCH NEIGHBORHOOD

This Purchase and Sale Agreement (the "Agreement") is entered into between Smith Ranch Development, LLC, a Colorado limited liability company ("Seller"), and _____ ("Buyer(s)").

If more than one Buyer, Buyers shall take title to the real property described below as: ___ Tenants in Common, ___ Joint Tenants, ___ Other _____. For purposes of this Agreement, Escrow Agent means Land Title Guarantee Company, 200 N. Ridge Street, P.O. Box 2280, Breckenridge, Colorado, 80424-2280; Phone number (970) 453-2255.

1. THE PROPERTY.

(a) **Real Property.** Seller agrees to sell and Buyer agrees to purchase the real property described below:

LOT _____, SMITH RANCH, FILING NO. 1, according to the Plat thereof recorded _____ at Reception No. _____, Summit County, Colorado (the "Property").

also known as _____, Silverthorne, CO 80498

and the attached Single Family or Townhome and other improvements to be constructed on the Lot in substantial accordance with the marketing plans (the "Plans") prepared by Arapahoe Architects and the standard features (the Lot and improvements together are referenced below as the "Property" or "Home"). The Property will be a part of that project known as "The Smith Ranch Neighborhood" (the "Project").

(b) **Personal Property.** The Purchase Price will include lighting, heating, plumbing, fixtures, mirrors, range/oven, microwave, dishwasher, refrigerator, washer and dryer itemized in the standard features. Personal property will be conveyed by Bill of Sale.

(c) **Completion of Infrastructure.** Seller has agreed with Summit County to construct all roads, water and sewer systems and utilities for the Property in accordance with approved Plans and applicable County standards. Seller has secured its obligations to complete infrastructure for the Property with a letter of credit approved by the County. Buyer understands that all infrastructure to serve the Property, including electricity, natural gas and telephone utilities, roads, water and sewer service will be complete at the time of closing.

2. **PURCHASE PRICE.** Buyer will pay Seller the Purchase Price for the Property the sum of _____ U.S. Dollars (\$_____) payable as follows:

(a) **Earnest Money Deposit.** An Earnest Money deposit of \$2,500 ("**Deposit**") shall be paid by Buyer to Escrow Agent simultaneously with Buyer's delivery of this Agreement. Escrow Agent shall

hold the Deposit in its trust account for Buyer and Seller. Unless Buyer terminates this Agreement in accordance with Paragraph 3(a) below, the Deposit shall be deemed to be earned by Seller as of the end of the Due Diligence Period and at such time, the Deposit shall become non-refundable to Buyer in all events except for a default by Seller hereunder. The Deposit shall be applied against the Purchase Price at Closing.

(b) **Option/Upgrade Payment.** Buyer shall, at the time of ordering of options or upgrades from the Project Contractor, pay 100% of the cost of any such options or upgrades directly to the Seller. Buyer understands that options or upgrades selected by Buyer are not necessarily suitable to others and increase Seller's costs. All option/upgrade payments are **non-refundable** and will be retained by Seller if Buyer terminates this Agreement, which Buyer acknowledges is a reasonable estimate of damages to be sustained by Seller.

(c) **Funds at Closing.** At Closing, the Buyer shall pay to Seller, in Good Funds, the sum of _____ Dollars (\$ _____), representing the Purchase Price less the Deposit, plus customary closing costs.

(d) **Working Capital Account Contribution.** Buyer agrees to pay to the Smith Ranch Homeowners Association, a Colorado non-profit corporation (the "Association") at Closing a non-refundable payment equal to three times the monthly installment of the Periodic Assessment for the Lot to be held without interest by the Association to meet unforeseen expenditures, acquire additional services or equipment for the Owners or as a maintenance reserve. Periodic Assessments shall be determined based on the current estimated annual budget for Association operations.

(e) **Good Funds.** All payments required under this Agreement shall be paid by means of cash, certified check, electronic transfer funds or other means of payment which comply with applicable good funds laws. **Seller strongly recommends only relying on wiring instructions that come from a secure source such as in person communication, a phone call that you initiated, or through secure mail or package services. Escrow Agent will only use secure email to send wire transfer information.**

3. **DUE DILIGENCE; FINANCING.**

(a) **Due Diligence Period.** Buyer shall have forty five (45) days from the date of this Agreement (the "Due Diligence Period") to: (i) make or obtain, at the expense of Buyer, such investigations of the Property as Buyer deems necessary; (ii) review the Smith Ranch Homeowners Association Documents described in Paragraph 6 below (the "Association Documents"); (iii) review and approve the Commitment for Title Insurance described in Paragraph 4 below; and (iv) to obtain a commitment for financing satisfactory to Buyer. During the Due Diligence Period, Buyer or their designated agents shall have access to the Property for purposes of performing any investigations as Buyer shall desire so long as Buyer and their agents are accompanied by Seller's representative. Buyer can contact Seller's broker to schedule an appointment for any inspection.

(b) **Notice to Terminate.** If Buyer determines in Buyer's sole discretion that any of Buyer's investigations reveal any matters unacceptable to Buyer or that the Title Commitment or any of the Smith Ranch Homeowners Association Documents are unsatisfactory, Buyer may, prior to the expiration of the Due Diligence Period, provide written notice to Seller terminating this agreement, in which event the Initial Earnest Money deposit shall be returned to Buyer. If no notice is received by the Seller within the Due Diligence Period Buyer's right to terminate this Agreement shall be deemed waived. If Buyer does not terminate this Agreement within the Due Diligence Period, then the Association Documents, the Title Commitment and all other matters relating to the Property shall be deemed approved by Buyer, and Buyer irrevocably waives any further right to terminate this Agreement or obtain a refund of the Deposit except where such right is expressly provided and grounds for such termination exist under other paragraphs of this Agreement.

(c) **Damages, Liens & Indemnity.** Buyer agrees to indemnify and hold harmless Seller from and against any liability or claims asserted against Seller, the Property or the Project with respect to any

investigations by Buyer or with respect to any entry onto the Project prior to closing by Buyer or any agent, employee or invitee of Buyer and without limit to any other right or remedy, Seller shall resort to Buyer's Deposit to satisfy this indemnity.

4. **TITLE INSURANCE.** A current Commitment for an Owner's Title Insurance Policy (the "Title Commitment") in an amount equal to the Purchase Price and copies of all exceptions of record not included among the Association Documents shall be furnished by Seller, at its expense, to Buyer within fifteen (15) days after signature of this Agreement by all parties. After Closing, Seller will, at its expense, cause an Owner's Title Insurance Policy (the "Policy") to be issued and delivered to Buyer.

5. **TITLE OBJECTIONS.** If title is unmerchantable and written notice of such defects rendering title unmerchantable is given to Seller before the expiration of the Due Diligence Period, Seller shall have the option to either: (i) cause such matters that are the subject of the notice of defects to be removed or remedied prior to Closing, (ii) obtain prior to Closing an endorsement to the Title Commitment showing the matters that are the subject of the notice of defects to be insured over and Seller shall pay the full premium for such additional insurance or (iii) terminate this Agreement whereupon Buyer shall be entitled to a prompt refund of the Deposit. Seller shall have no obligation to remove or remedy any matters which are the subject of Buyer's notice of defects. Mineral reservations appearing in patents or other documents of record shall not be the subject of any objections to title on the part of Buyer so long as the company issuing the Title Commitment will, at the expense of Buyer, commit to affirmatively insure over such reservations. There are no water rights to be conveyed with the Property.

6. **RECEIPT FOR ASSOCIATION DOCUMENTS.** Buyer acknowledges receipt of the following Association Documents:

- (a) Site plan of The Smith Ranch Neighborhood;
- (b) Declaration of Covenants, Conditions and Restrictions for The Smith Ranch Neighborhood (the "Declaration") and Restrictive Housing Covenant and Notice Of Lien for Smith Ranch Development, Summit County, Colorado;
- (c) Articles of Incorporation and Bylaws for the Association;
- (e) Estimated Budget;
- (d) Summary soils report and recommendations;
- (e) Limited Warranty.

Buyer understands that any site plan or plat of the Project showing potential completion of all Single Family and Townhome Neighborhoods and Lots is illustrative of how the Project could be developed in the future, but may be changed by Seller. Seller reserves the right to amend the Association Documents, specifically including the Declaration, Plats and site plans at any time before and after the Closing Date, as Seller deems necessary to address market conditions, make any necessary corrections or to meet the requirements of applicable laws, governmental regulations, or federal agencies which guarantee or purchase federal loans. Seller reserves the right to amend the Declaration to add Lots, homes and common elements to the Project as permitted by the Declaration.

7. **CONSTRUCTION OF THE PROPERTY.**

(a) **Plans and Specifications.** Improvements will be constructed upon the Property, in substantial conformance with the Plans approved by the applicable governmental authority in which the Property is located. Buyer acknowledges and agrees that Seller reserves the right to make changes or substitutions in the

construction of the Property: (i) as may be required, authorized or approved by any governmental entities or agencies; or (ii) as Seller may deem appropriate provided such change does not impair the quality of construction or (iii) materially change the floor plan or reduce the area of the Home by no more than 3%. **Buyer has reviewed and accepted the Marketing Floor Plans and has independently verified square footages contained therein.** Any model home shown to or reviewed by Buyer is only for illustration and may contain upgrades. Buyer should review the Standards Sheet which is part of the Plans to confirm the specifications for the Property.

(b) **Changes to Plans.** Buyer agrees that no changes to the Plans or options or upgrades to the standard features desired by Buyer are binding upon Seller unless the change is made in writing on Seller's Selection Upgrade Sheets and Seller and the Project Contractor approve the change in writing. Upon the satisfaction of all of the conditions listed below, Buyer shall be entitled to negotiate with Seller, concerning changes Buyer wishes to have effected to the Property ("Buyer's Modifications"): (i) no modifications can be made to the exterior of the Property; (ii) all modifications must be made to the Property by the Project Contractor; (iii) no modifications can be made which will delay the completion of the improvements; and (iv) all Buyer's Modifications are fully paid for at the time the change order is entered into.

(c) **Buyer's Work Prohibited.** Prior to Closing, Buyer will not perform any physical work on the Property nor interfere with any construction of the Project. Direction and supervision of the construction of the Home rests exclusively with Seller. **Buyer will not give any directions to any workman. Buyer must make an appointment with Seller to schedule any inspection until Closing.** Buyer shall not contract for additional work with Seller's contractors or subcontractors prior to Closing. Buyer agrees that no work will be permitted within the Home by anyone other than Seller until title is transferred. Buyer's obligations under this paragraph shall survive the closing. Should Buyer terminate this Agreement under circumstances where Buyer shall be entitled to a refund of the Deposit then, as a condition to receiving such refund, Buyer shall provide Seller with a written indemnity that there exists no outstanding monies due any person the non-payment of which would give rise to a lien right against the Property.

(d) **Selection.** There will be Selection Sheets, upgrade sheets, cabinet layouts and floorplans that all need to be approved and signed by Buyer. Once signed, these selections will be considered final acceptance by Buyer. Where any items called for or described in the Plans or the specifications require input or a selection from the Buyer such as a selection of colors, finishes or materials, the Buyer shall deliver a signed Selection Sheet to the Seller indicating the selection desired by Buyer on or before _____. The failure of the Buyer to provide such Selection Sheet will constitute a waiver of the Buyer's right to make a selection and the Seller shall then be free to make a selection on behalf of the Buyer. Seller has chosen products that have natural variations to keep with the rustic theme. Natural variations include knots, grain color change, veining and color changes and texture changes. These variations are to be expected and will not be "fixed." Carpet, granite and tile may have shade differences due to dye lot which is considered standard and will not be "fixed." If selection is unavailable the next closest option will be chosen by Seller on behalf of Buyer.

(e) **Estimated Completion Date.** Seller shall proceed with reasonable diligence to construct the Property, and to complete such construction on or before _____ (the "Completion Date.") A Final Completion Date shall be provided within four (4) weeks of completion. The Completion Date will automatically be extended as a result of a delay in the delivery of the Property, inability to obtain materials and supplies, delays caused by weather and/or acts of God, or for any other reason resulting from conditions beyond the control of the Seller.

8. **PUNCH LIST.** Within ten (10) days prior to the Closing, Buyer's and Seller's representatives shall inspect the Property and compile a list of defective or incomplete items (the "Punch List"). Seller will diligently prepare completion or correction of all items on the Punch List within forty-five (45) Days after Closing. Such forty-five (45) day period of time shall be extended due to conditions beyond the control of the Seller. The Closing will not be delayed nor will any escrow be required to assure completion of the Punch List items. The Buyer acknowledges that on the Closing Date, the landscaping and other exterior improvements

included but not limited to the driveway and exterior painting appurtenant to the Property and in the Project may not be completed, but that Seller will complete as soon as practical, according to plans approved by Summit County.

9. **CLOSING; TITLE**

(a) **Closing Date.** Closing will be held upon completion of the improvements on the Property after notice of completion has been given by Seller to Buyer. The term "Completion" means a date subsequent to the issuance of a final or temporary certificate of occupancy or inspection approval authorizing occupancy by Summit County and also when the Seller deems the improvements to be complete and a final plat has been approved. The date, time and place of Closing shall be designated by the Seller on the first business day after delivery of the Notice of Completion or at such other date as is mutually agreeable to both parties. Possession of the Property will be delivered to the Buyer at Closing. Should Buyer not close at the time and place designated by Seller, then Buyer may be deemed in default of the contract. Buyer acknowledges that any interest rate lock Buyer desires should be discussed with its lender and that Seller is not responsible for interest rate changes if Closing is delayed for any reason, including satisfaction of lending or regulatory requirements. If, after Seller gives notice of Completion, and if Seller agrees to delay the Closing date for more than 14 days after Completion to accommodate Buyer or its lender, Buyer agrees that the Purchase Price stated in paragraph 2 above will increase at the rate of 4% per annum for each day after Completion until Closing occurs.

(b) **Transfer of Title.** Conditioned on the payment or tender of the Purchase Price and compliance with the other terms and satisfaction of conditions by Buyer as required in this Agreement, Seller shall execute and deliver a good and sufficient Special Warranty Deed to Buyer at Closing, conveying the Property free and clear of all liens and encumbrances except the following: general taxes for the year of Closing and thereafter, the Smith Ranch Homeowners Association Documents, any matters referred to in the Title Commitment to which Buyer has not objected, all building, zoning and other land use regulations affecting the Property, and any other title exceptions which do not render title unmarketable. Buyer shall not be relieved of Buyer's obligation to close the purchase of the Property by virtue of the mechanic's lien claims that Seller disputes in good faith and for the ultimate discharge of which Seller and the company providing the Title Commitment shall remain responsible.

(c) **Closing Costs, Documents and Services.** Buyer and Seller shall sign and complete all customary or required documents at or before Closing. Title Company fees for real estate closing and settlement services shall be paid at Closing one-half by Buyer and one-half by Seller. Buyer and Seller shall pay their customary closing costs at Closing.

(d) **Proration of Taxes.** General real estate taxes (based on the most recent levy and assessment) and assessments, general or special, if any, for the year in which the conveyance occurs will be prorated between Seller and Buyer to the date of closing, based on Escrow Agent's best estimate thereof. Such proration shall be final. Buyer agrees to assume and pay any and all further taxes and assessments affecting the Property.

(e) **Other Matters.** Any encumbrances to be paid by Seller may be paid at the time of closing from the proceeds of this transaction or from any other source.

10. **ESCROW AGENT.** This Agreement shall constitute escrow instructions to the Escrow Agent or such other reputable escrow agent located in Colorado as Seller may select. Closing under this Agreement shall be through the Escrow Agent. Any other provisions of this Agreement to the contrary notwithstanding: (i) all money, documents and other items required hereunder to be paid or delivered by any party to another party shall be deposited on or prior to Closing Date with Escrow Agent for payment or delivery to such other party; (ii) when the Escrow Agent ascertains to its reasonable satisfaction that it is ready and able upon Closing to issue

the Policy as provided in Paragraph 4 above, the Escrow Agent shall effect the Closing by causing the deed to be recorded in the office of the Clerk and Recorder of Summit County, Colorado, and shall instruct said Clerk and Recorder to mail the deed after recordation to Buyer at its address set forth below, and (iii) upon the Closing, the Escrow Agent shall disburse or deliver all funds, documents and other items deposited and then remaining in escrow to the party entitled thereto pursuant to this Agreement. Buyer and Seller agree that the Escrow Agent shall be responsible only for the safekeeping of the funds, documents and other items deposited in the escrow and for the disposition of same in accordance with this Agreement, together with the performance of any other written instructions executed by Buyer and Seller and accepted by Escrow Agent. If any conflicting demands are made upon Escrow Agent, Escrow Agent may at its sole discretion hold all money, documents and things of value until receipt of mutual written instructions from Seller and Buyer.

11. **DEFAULT.** If Buyer fails to make any payment required by this Agreement within the time such payment is required to be made, or if Closing on the Closing Date for any reason cannot be held as a result of fault, delay or failure of the Buyer, Seller shall have the right, at its option, to terminate this Agreement. Upon such termination, Buyer shall be obligated to Seller in an amount equal to the Deposit paid by Buyer under this Agreement, which amount shall be considered as liquidated damages. Should Seller be unable, or refuse, to complete and close the sale of the Property hereunder, the Buyer may elect to treat this Agreement as terminated in which case all Deposits, including any Deposits for Options/Upgrades, shall be returned to Buyer, as the Buyer's sole and exclusive remedy. **The remedies set forth herein shall be the sole and exclusive remedies of the parties and Buyer waives to the maximum extent provided by applicable law any right or claim to specific performance and to damages, whether actual, consequential, special, punitive or otherwise, resulting as a consequence of any breach or default hereunder by Seller.**

12. **PROHIBITION AGAINST ASSIGNMENT AND RECORDATION.** This Agreement shall not be assigned or recorded by Buyer. If this Agreement is assigned or recorded by Buyer, the Seller may at its election terminate this Agreement and retain all Deposits made by Buyer as liquidated damages. Any attempted assignment of this Agreement will be void. The recording of this Agreement shall not be construed as constituting a cloud upon the title or affecting any sale or conveyance thereafter as any such recording is a nullity. If this Agreement is terminated by Seller as allowed in this Paragraph, recordation of a notice of the termination of this Agreement by Seller shall constitute a quit claim unto Seller of any and all right, title and interest Buyer may have in and to the Property. Buyer irrevocably appoints Seller their attorney-in-fact for the purpose of executing, delivery and recording such notice of termination.

13. **NOTICES.** Any and all notices to any of the parties permitted under this Agreement shall be deemed given when hand delivered, e-mailed with verification that the other party has received such e-mail transmission, transmitted by facsimile machine, or the parties may use Federal Express or other overnight carrier, in which event such notice shall be deemed given the next business day. Said notices shall be addressed to such party at the addresses set forth on the signature page of this Agreement or otherwise designated by such party for such purpose.

14. **FIRPTA REPORTING REQUIREMENTS.** Seller represents it is not a foreign partnership (i.e., limited liability company) as such term is defined in Section 1445 of the Internal Revenue Code as amended and regulations issued thereunder. The parties understand that Seller's Federal Employer Identification Number, Buyer's social security number together with any other information relating to the transaction herein described, may be disclosed to the Internal Revenue Service by either of the parties or by Escrow Agent in compliance with reporting requirements imposed by law. At closing, Seller shall deliver to Buyer a Non-Foreign Affidavit containing such information as required by Internal Revenue Code Section 1445(b)(2) and the regulations issued thereunder.

15. **SUMMIT COMBINED HOUSING AUTHORITY.** Pursuant to CRS § 12-61-101(2)(b)(II), the Summit Combined Housing Authority (SCHA) is not a "real estate broker" as defined by law, and is not subject to regulation by the Colorado Real Estate Commission. Accordingly, any reference to the "Brokerage Firm" in this Agreement is not meant to refer to SCHA acting as a "real estate broker" as that term is defined by

law, but is instead to SCHa acting as a multi-jurisdictional housing authority and as a public official in the conduct of its official duties as described in Section 12-61-101(2)(b)(II), C.R.S. SCHa when acting as a Transaction Broker will perform all of its duties in conformance with Colorado law applicable to transaction brokers, CRS § 12-61-807.

16. DISCLOSURES REQUIRED BY COLORADO LAW

(a) Common Interest Community Disclosure: **THE PROPERTY IS LOCATED WITHIN A COMMON INTEREST COMMUNITY AND IS SUBJECT TO THE DECLARATION FOR SUCH COMMUNITY. THE OWNER OF THE PROPERTY WILL BE REQUIRED TO BE A MEMBER OF THE OWNER'S ASSOCIATION FOR THE COMMUNITY AND WILL BE SUBJECT TO THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS WILL IMPOSE FINANCIAL OBLIGATIONS UPON THE OWNER OF THE PROPERTY, INCLUDING AN OBLIGATION TO PAY ASSESSMENTS OF THE ASSOCIATION. IF THE OWNER DOES NOT PAY THESE ASSESSMENTS, THE ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO PAY THE DEBT. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS OF THE COMMUNITY MAY PROHIBIT THE OWNER FROM MAKING CHANGES TO THE PROPERTY WITHOUT AN ARCHITECTURAL REVIEW BY THE ASSOCIATION (OR A COMMITTEE OF THE ASSOCIATION) AND THE APPROVAL OF THE ASSOCIATION. BUYERS OF PROPERTY WITHIN THE COMMON INTEREST COMMUNITY SHOULD INVESTIGATE THE FINANCIAL OBLIGATIONS OF MEMBERS OF THE ASSOCIATION. BUYERS SHOULD CAREFULLY READ THE DECLARATION FOR THE COMMUNITY AND THE BYLAWS AND RULES AND REGULATIONS OF THE ASSOCIATION.**

(b) Special Taxing Districts Disclosure. **SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND EXCESSIVE TAX BURDENS TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. BUYERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS THE PROPERTY IS SUBJECT TO BY CONTACTING THE COUNTY TREASURER'S OFFICE, REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND OBTAINING ANY FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.**

(c) Oil, Gas, Water and Mineral Disclosure:

(i) **THE SURFACE ESTATE OF THE PROPERTY MAY BE OWNED SEPARATELY FROM THE UNDERLYING MINERAL ESTATE, AND TRANSFER OF THE SURFACE ESTATE MAY NOT NECESSARILY INCLUDE TRANSFER OF THE MINERAL ESTATE OR WATER RIGHTS. THIRD PARTIES MAY OWN OR LEASE INTERESTS IN OIL, GAS, OTHER MINERALS, GEOTHERMAL ENERGY OR WATER ON OR UNDER THE SURFACE OF THE PROPERTY, WHICH INTERESTS MAY GIVE THEM RIGHTS TO ENTER AND USE THE SURFACE OF THE PROPERTY TO ACCESS THE MINERAL ESTATE, OIL, GAS OR WATER.**

(ii) **SURFACE USE AGREEMENT: THE USE OF THE SURFACE ESTATE OF THE PROPERTY TO ACCESS THE OIL, GAS OR MINERALS MAY BE GOVERNED BY A SURFACE USE AGREEMENT, A MEMORANDUM OR OTHER NOTICE OF WHICH MAY BE RECORDED WITH THE COUNTY CLERK AND RECORDER.**

(iii) **OIL AND GAS ACTIVITY:** OIL AND GAS ACTIVITY THAT MAY OCCUR ON OR ADJACENT TO THE PROPERTY MAY INCLUDE, BUT IS NOT LIMITED TO, SURVEYING, DRILLING, WELL COMPLETION OPERATIONS, STORAGE, OIL AND GAS, OR PRODUCTION FACILITIES, PRODUCING WELLS, REWORKING OF CURRENT WELLS, AND GAS GATHERING AND PROCESSING FACILITIES.

(iv) **ADDITIONAL INFORMATION:** BUYER IS ENCOURAGED TO SEEK ADDITIONAL INFORMATION REGARDING OIL AND GAS ACTIVITY ON OR ADJACENT TO THE PROPERTY, INCLUDING DRILLING PERMIT APPLICATIONS. THIS INFORMATION MAY BE AVAILABLE FROM THE COLORADO OIL AND GAS CONSERVATION COMMISSION.

17. **NOTICE REGARDING SOURCE OF POTABLE WATER.** Pursuant to Colorado law, Seller provides the following disclosure. THE SOURCE OF POTABLE WATER FOR THE PROPERTY IS A WATER PROVIDER WHICH CAN BE CONTACTED AS FOLLOWS:

| | |
|------------|--|
| NAME: | Town of Silverthorne Public Works |
| ADDRESS: | 264 Brian Avenue, Silverthorne, CO 80498 |
| WEB SITE: | www.silverthorne.org/town-services/public-works |
| TELEPHONE: | (970) 262-7340 |

SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND WATER. BUYER MAY WISH TO CONTACT THIS WATER PROVIDER TO DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.

18. **CARBON MONOXIDE ALARMS.** Seller will install an operational carbon monoxide alarm within fifteen feet of the entrance to each bedroom or in a location as required by the applicable building code.

19. **EFFECT OF THIS AGREEMENT.** The delivery of this Agreement to the Buyer by the Seller shall not constitute an offer binding upon the Seller nor shall Seller have any obligation thereunder until such time as Seller receives this Agreement properly executed by the Buyer and accompanied by the Initial Earnest Money Deposit and is further conditioned upon Seller's execution of this Agreement and the delivery of a copy thereof to Buyer.

20. **MISCELLANEOUS.**

(a) **Entire Agreement.** This Agreement constitutes the entire contract and understanding between Buyer and Seller with respect to the subject matter hereof and all previous negotiations and statements are hereby merged into this Agreement. Neither Buyer nor Seller shall be bound by any terms, conditions, statements or representations, oral or written, not confirmed in this Agreement or the Association Documents. Each party acknowledges that in the execution of this Agreement, it has not been induced, persuaded or motivated by any promise or representation made by the other party unless expressly set forth herein. This Agreement can only be modified by a written agreement duly signed by persons authorized to sign agreements on behalf of Seller and Buyer.

(b) **Binding Effect.** This Agreement shall be binding upon the parties hereto, their heirs, successors and assigns.

(c) **Colorado Law.** This Agreement is made and entered into in the State of Colorado and shall be construed in accordance with the laws of that State. Should any dispute arise between the parties hereto concerning any provision of this Agreement, the Dispute Resolution provisions set forth in Section 21, below, shall govern and be mandatory.

(d) **Electronic Execution.** As an alternative to physical delivery, this Agreement and any written notice may be delivered in electronic form by facsimile or e-mail. Documents with original signatures shall be provided upon the request of either party.

(e) **Counterparts.** This Agreement may be executed in counterparts by each party separately and such copies taken together shall constitute one Agreement binding on all of the parties.

(f) **Further Acts.** Buyer agrees upon Seller's request to promptly perform such further acts and execute and deliver such further agreements or documents as may be reasonably necessary to effectuate and carry out the provisions of this Agreement. Buyer agrees to provide the Title Company with Buyer's taxpayer identification number, social security number or employee identification number.

(g) **Time of the Essence.** Time is of the essence in the performance of any and all provisions of this Agreement.

(h) **Survival.** All of the provisions and conditions of this Agreement that are not contemplated to have been satisfied upon Closing or of an ongoing character or nature, shall survive the sale to Buyer and shall not be merged therein.

(i) **Time Periods.** If any time period referred to in this Agreement shall end on a Saturday, Sunday or legal holiday, such time period shall automatically be extended to the first regular business day thereafter.

(j) **Forfeiture of Earnest Money.** In the event of forfeiture of the Deposit by Buyer, all sums forfeited shall automatically become the sole property of Seller.

(k) **Recommendation of Legal Counsel.** Buyer acknowledges that Seller and the real estate brokers participating in the transaction represented by this Agreement have advised that this Agreement has important legal consequences and has recommended the examination of title and consultation with legal and tax or other counsel before signing this Agreement.

(l) **Commission Rule E-37.** Closing services shall be provided by a title insurance company designated by the Seller. The fee charged for such services, not to exceed \$300, shall be divided equally between the Buyer and the Seller at Closing.

(m) **Interim Inspections.** Buyer understands and agrees that during the construction of the Project, due to hazardous conditions and insurance and security requirements, neither Buyer nor his representatives shall go on the Project or inspect the Property unless accompanied by an authorized representative of Seller. Buyer's Broker must schedule an appointment with Seller's Broker for any interim inspection.

(n) **RESPA Disclosure.** As required by the Real Estate Settlement Procedures Act of 1974, Buyer acknowledges that Seller has not directly or indirectly required Buyer, as a condition of sale, to purchase either an owner's or mortgagee's title insurance Policy from any particular title company. Seller advises Buyer that it will purchase, at Seller's sole cost and expense, an Owner's Policy of Title Insurance from a title company selected by Seller. Buyer may elect to change such insurance to a company of its choice and shall pay at Closing, that portion, if any, of the title insurance premium charged by the title insurance company selected by Buyer in excess of the premium that would have been charged by the title insurance company initially selected by Seller.

(o) **Price and Agreement.** Buyer acknowledges and agrees that the Purchase Price is the result of an arm's-length negotiation with Seller and is not based on (i) any agreement guaranties, promises, representations or warranties concerning property values, or (ii) the past, present, or future prices paid or to be

paid for other Lots in the Project. Buyer further acknowledges and agrees that Seller has no obligation to take any action or refrain from taking any action in connection with the development or marketing of any property in the Project that would support or enhance the value of the Property.

(p) **Radon Gas.** The Colorado Department of Health and the United States Environmental Protection Agency (the "EPA") have detected elevated levels of naturally occurring radon gas in certain areas throughout the State of Colorado. The EPA has voiced concerns about the possible adverse effects to human health from the long term exposure to high levels of radon gas. Buyer is hereby advised that Seller is not qualified and has not undertaken to evaluate all aspects of this issue and that, with respect to the Property, Seller has made no representations or warranty, express or implied, concerning the presence or absence of radon gas in the soils at or adjacent to the Property. Buyer hereby (i) acknowledges that it has read the foregoing disclosure and fully understands its content and (ii) for itself, its heirs, administrators, executors, successors and assigns, releases Seller from any and all liability with respect to the matters discussed in this paragraph.

(q) **Investments and Rental Income.** Buyer acknowledges that neither Seller, Broker, nor any of their respective employees, agents or sales agents, have represented or offered the Lot as an investment opportunity for appreciation of value or as a means of obtaining income from the rental thereof. Buyer acknowledges that neither Seller, Broker, nor any of their respective employees, agents or sales agents, have made any representations as to rental or other income from the Lot or as to any other economic benefit, including possible advantages from the ownership of the Lot under federal or state tax laws, to be derived from the purchase of the Lot.

(r) **Broker.** Dawn Crane is a licensed real estate broker in the State of Colorado acting as Seller's agent and is a manager of Smith Ranch Development, LLC.

21. **DISPUTE RESOLUTION PROCEDURES; MEDIATION, ARBITRATION.** Any claim arising out of or related to this Agreement which is not resolved through negotiation, shall be subject to mandatory mediation as a condition precedent to the institution of further legal proceedings as set forth herein, and then only through arbitration.

(a) Mediation. A demand for mediation shall be served by the claiming party on the other party within thirty (30) days of the dispute, and a mutually agreeable mediator with a minimum of 10 years' experience in real estate law shall be immediately chosen. The mediation shall be held in Summit County, Colorado, unless otherwise agreed by the parties. The parties shall share the mediator's fee and any filing fees equally.

(b) Arbitration. In the event that mediation is unsuccessful, then any dispute, controversy or claim arising out of or relating in any way to this Agreement, including without limitation any dispute concerning the construction, validity, interpretation, enforceability or breach, shall be exclusively resolved by binding arbitration upon a party's submission of the dispute to arbitration. The demand for arbitration shall be made within a reasonable time after the close of Mediation, and in no event shall it be made after 30 days from the end of Mediation. This agreement to arbitrate shall be specifically enforceable. The arbitration shall be conducted by one arbitrator and if the Parties are not able to agree upon the selection of an arbitrator, within fourteen days of commencement of an arbitration proceeding by service of a demand for arbitration, the arbitrator shall be selected by the American Arbitration Association in accordance with the terms of this agreement. The arbitrator shall have a minimum of ten years of experience in real estate law and shall also have served as an arbitrator at least three times prior to their service as an arbitrator in this arbitration. The arbitration shall be conducted in accordance with the then existing Commercial Rules of the American Arbitration Association, or as mutually agreed upon by the parties. It is the intent of the parties that, barring extraordinary circumstances, arbitration proceedings will be concluded within one hundred and twenty days from the date the arbitrator is appointed. The arbitrator[s] shall have no authority to award punitive, consequential, special or indirect damages.

22. **ADDITIONAL PROVISIONS:**

This Agreement is executed by Buyer on _____, 20__.

Signature

Signature

BUYER INFORMATION: (please indicate mailing address as well as a street address for FedEx/UPS, etc. delivery)

Printed name

Mailing Address: _____

Telephone No.: _____

Printed name

Courier Address: _____

Fax No.: _____

SELLER:

Seller accepts this Agreement this _____ day of _____, 20__.

SMITH RANCH DEVELOPMENT, LLC, a Colorado limited liability company

By: Dawn M. Crane
Title: Manager
Address: P.O. Box 6539
Dillon, CO 80435
Telephone No.: 970-547-5047