

NON-BINDING LETTER OF INTENT

RE: Upper Village HOA Pool Redevelopment Funding Subsidy

The Upper Village Homeowners Association ("UVHOA") governs the planned community known as "Upper Village", which is comprised of the Valdoro Mountain Lodge and twenty-seven other "Sites" (as such term is defined in the Amended and Restated Declaration of Restrictions, Covenants, Easements, Reservations, and Architectural Control for Upper Village Homeowners Association, Inc., the "Master Declaration"). The Valdoro Mountain Lodge Owner's Association ("Valdoro") is the owners' association for Valdoro Mountain Lodge. There are twenty-one other homeowners associations (collectively, the "Other Associations" and individually, an "Other Association") governing other Sites subject to the Master Declaration.

UVHOA is contemplating a major pool redevelopment project, which the UVHOA estimates will cost approximately \$1million (the "Pool Project"). Valdoro is in favor of the Pool Project. Valdoro understands that certain of the Other Associations oppose the Pool Project because such Other Associations' "pool usage percentage" is lower than their allocated "funding percentage". Valdoro acknowledges that its pool usage percentage is higher than its allocated funding percentage and that certain Other Associations may vote in favor of the Pool Project if Valdoro agrees to pay a funding percentage higher than what Valdoro is otherwise obligated to pay under the UVHOA governing documents.

The purpose of this Non-Binding Letter of Intent ("LOI") is to express Valdoro's proposal to augment the funding arrangement described in the UVHOA governing documents with respect to the Pool Project and to come to an understanding with certain Other Associations regarding their funding obligations in the event the Pool Project is approved. Each party hereto acknowledges that execution of this LOI does not constitute approval of the Pool Project, which must be approved by a separate majority vote of the UVHOA members.

Proposal. To build support for approval of the Pool Project, Valdoro is proposing to pay up to \$200,000 to fund the Pool Project, which is \$124,599 more than what would otherwise be required under Valdoro's funding percentage, to offset a portion of the funding percentage of certain Other Associations, as provided below. In order to facilitate this subsidy plan, Valdoro proposes that the signatories hereto negotiate in good faith to enter into a binding subsidy agreement incorporating substantially the following terms prior to the time that the UVHOA members formally vote on the Pool Project:

General Terms and Concepts:

1. Valdoro proposes to contribute twenty percent (20%) of the actual cost of the Pool Project (the "Valdoro Subsidy") up to a maximum contribution of \$200,000. The Valdoro Subsidy is to be used exclusively for design and construction costs of the Pool Project; any and all costs associated with the future operation and maintenance of the Pool Project will be paid in accordance with the then-current UVHOA governing documents.
2. The Valdoro Subsidy intends to offset a perceived incongruity of use and assessment cost with some associations. As such, the agreeing associations have devised a method to distribute the subsidy and assessment costs in a manner that alleviates the assessment cost for those associations whose use of the pool has been historically less. The plan would be available only to those Other Associations that have a Usage to Assessment Ratio less than 1.0 (as determined by UVHOA Board in its reasonable discretion and based on the currently circulated usage statistics) and that The "Usage to Assessment Ratio" is defined as an association's "Percentage of Pool Usage" divided by such association's "Percentage of Funding Obligation" as specified in the UVHOA governing documents for expenditures. Great Divide Lodge, being that it is a Hotel with its own amenity package, will not be eligible for the Valdoro Subsidy. Other Associations that (a) do not meet the qualifications described above, or (b) do not enter into the subsidy agreement with Valdoro, will not be eligible to receive any portion of the Valdoro Subsidy.

3. The initial special assessment to be allocated to Valdoro and the Other Associations would be based on the current formula specified in the UVHOA governing documents for expenditures, i.e., fifty percent (50%) based on acreage and fifty percent (50%) based on the number of units. With the estimated special assessment to be allocated to Valdoro and to each eligible Other Association, and the proposed amount to be offset by Valdoro, the estimated cost per association is shown on Attachment I hereto, based upon 100% participation by each eligible Other Association and upon a total expenditure of \$1,000,000 for the Pool Project. Should the assessment come in less than \$1,000,000 the subsidy would be based on the percentages shown in the table.
4. If the Pool Project is approved by the UVHOA members, each Other Association that is a party to the proposed subsidy agreement (each, a "Participating Association"): (a) shall not, by act or omission, stop, delay, or otherwise hinder the Pool Project, and (b) shall pay its respective special assessment (less its portion of the Valdoro Subsidy) by the due date established by the UVHOA board of directors. If any eligible Other Association does not enter into the subsidy agreement (each, a "Non-Participating Association"), then upon approval of the Pool Project such association's share of the special assessment will be calculated based on the existing fee structure prescribed in the governing documents of the UVHOA. Any portion of the Valdoro Subsidy that would have been allocated to a Non-Participating Association pursuant to Attachment I hereto, will be reallocated to the Participating Associations on a pro-rata basis in the subsidy agreement.
5. Upon approval of the Pool Project by majority vote of the UVHOA members, Valdoro shall deposit \$200,000 into an escrow account mutually acceptable to Valdoro and UVHOA, where such funds will remain until the earlier to occur of (a) payment by all of the Other Associations of their resultant share of the special assessment for the Pool Project to the UVHOA, or (b) Valdoro's written consent to withdraw such funds is delivered to the UVHOA.
6. Notwithstanding the forgoing, Valdoro will not have any obligation to contribute or deposit the Valdoro Subsidy unless (a) the UVHOA agrees in writing that the Pool Project will be constructed based on a fixed-price contract reasonably acceptable to Valdoro, and (b) the design and construction of the Pool Project is subject to on-going review and approval by a three-member "Design and Construction Committee", which committee will consist of one representative appointed by Valdoro and two representatives appointed by the UVHOA board of directors. These members may also be members of the UVHOA Board of directors.

Valdoro reserves the right to withdraw this LOI at any time in its sole discretion, including, without limitation, in the event that Other Associations holding more than 50% of the total voting power in the UVHOA do not return an executed original of this LOI to Valdoro on or before May 20, 2009.

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Non-Binding: Each signatory below hereby acknowledges that the terms of this Non-Binding Letter of Intent are not intended to create or constitute any legally binding obligation between the parties hereto. The parties hereby acknowledge that this LOI is intended to serve only as an expression of the parties' mutual intent with respect to the transaction described above.

Valdoro Mountain Lodge Owners' Association

Michael Schilling, President

Other Associations:

[insert list]

Attachment I

Upper Village HOA

2009 Special Assessment Allocation For Pool Upgrade w/Valdoro Subsidy

Total Cost: 1,000,000
 25.00% 250,000
 50.00% 500,000

Lot	Member	Current Expense Allocation Formula									
		Number of Votes	Percent of Votes	Number of Units	Percent of Units	Percent of Land	Unit Allocation	Land Allocation	Pool Upgrade Assessment	Assessment Per Unit	
17	Trails End	26	6.5	91	9.0	6.6	44,916	33,000	77,916	856	
18	Cedars	28	7.1	48	4.7	7.1	23,692	35,700	59,392	1,237	
19	The Great Divide	31	7.8	208	20.5	7.8	102,665	38,850	141,515	680	
20,21	Los Pinos	20	5.0	43	4.2	4.9	21,224	24,550	45,774	1,065	
22	Chimney Ridge	15	3.8	18	1.8	3.7	8,885	18,450	27,335	1,519	
23	Elk Ridge LLC	19	4.8	19	1.9	4.7	9,378	23,400	32,778	1,725	
24	Highlander	18	4.5	19	1.9	4.6	9,378	22,750	32,128	1,691	
25	Wedgewood Mews	8	2.0	19	1.9	2.1	9,378	10,250	19,628	1,033	
27	Wedgewood Mews	8	2.0	34	3.4	2.1	16,782	10,500	27,282	802	
26	The Retreat	6	1.5	18	1.8	1.5	8,885	7,700	16,585	921	
28	Winterpoint I	9	2.3	17	1.7	2.2	8,391	10,750	19,141	1,126	
29,30	Winterpoint II	14	3.5	30	3.0	3.6	14,808	18,000	32,808	1,094	
31,32	Valdoro Mountain Lodge	33	8.3	70	6.9	8.2	34,551	40,850	75,401	1,077	
33	One Breckenridge Place	35	8.8	39	3.8	9.0	19,250	45,150	64,400	1,651	
34	Cimarron	7	1.8	32	3.2	1.7	15,795	8,650	24,445	764	
35	Park Place	25	6.3	75	7.4	6.4	37,019	31,900	68,919	919	
36	Pine Ridge	16	4.0	36	3.6	4.1	17,769	20,500	38,269	1,063	
44	Pine Ridge	14	3.5	36	3.6	3.5	17,769	17,700	35,469	985	
45	Pine Ridge	7	1.8	21	2.1	1.8	10,365	9,000	19,365	922	
37I	Sundowner I	12	3.0	31	3.1	2.9	15,301	14,600	29,901	965	
37II	Sundowner II	14	3.5	35	3.5	3.6	17,275	17,900	35,175	1,005	
46	Sunset	6	1.5	13	1.3	1.5	6,417	7,700	14,117	1,086	
47	Double Eagle	8	2.0	19	1.9	1.9	9,378	9,500	18,878	994	
48	Four O'Clock Lodge	10	2.5	28	2.8	2.6	13,820	12,800	26,620	951	
49	Antler's Lodge	8	2.0	14	1.4	2.0	6,910	9,900	16,810	1,201	
TOTALS:		397	100	1013	100.0	100	500,000	500,050	1000050	987	

With Valdoro Mtn Lodge Subsidy

Percent Of Total	Pool Usage	Usage to Assessment	Usage Credits	Weighted Usage Credits	Percent Credits	Subsidy Share	Modified Assessment	Difference	Percent Difference	Per Unit
7.8	6.5	0.83	16.58	1291.61	5.94	7,395	70,521	7,395	9.5	775
5.9	4.9	0.83	17.50	1039.20	4.78	5,950	53,442	5,950	10.0	1,113
14.2	0.7	0.05	0	0	0	0	141,515	0	0.0	680
4.6	1.0	0.22	78.15	3577.41	16.44	20,483	25,291	20,483	44.7	588
2.7	0.6	0.22	78.05	2133.45	9.80	12,215	15,119	12,215	44.7	840
3.3	0.6	0.18	81.70	2677.81	12.31	15,332	17,446	15,332	46.8	918
3.2	1.9	0.59	40.86	1312.81	6.03	7,517	24,611	7,517	23.4	1,295
2.0	0.9	0.46	54.15	1062.81	4.88	6,085	13,543	6,085	31.0	713
2.7	0.9	0.33	67.01	1828.18	8.40	10,468	16,814	10,468	38.4	495
1.7	2.8	1.69					16,585	0	0.0	921
1.9	5.3	2.77					19,141	0	0.0	1,126
3.3	1.9	0.58	42.09	1380.75	6.34	7,906	24,902	7,906	24.1	830
7.5	26.2	3.47					200,000	-124,599	-165.2	2,857
6.4	5.9	0.92	8.38	539.98	2.48	3,092	61,308	3,092	4.8	1,572
2.4	1.8	0.74	26.36	644.47	2.96	3,690	20,755	3,690	15.1	649
6.9	3.6	0.52	47.76	3291.88	15.13	18,848	50,070	18,848	27.3	668
3.8	4.1	1.07					38,269	0	0.0	1,063
3.5	4.0	1.13					35,469	0	0.0	985
1.9	4.0	2.07					19,365	0	0.0	922
3.0	8.3	2.78					29,901	0	0.0	965
3.5	5.1	1.45					35,175	0	0.0	1,005
1.4	3.7	2.62					14,117	0	0.0	1,086
1.9	2.0	1.06					18,878	0	0.0	994
2.7	2.6	0.98					26,620	0	0.0	951
1.7	0.7	0.42	58.36	981.02	4.51	5,617	11,193	5,617	33.4	800
100.0	100.0		616.95	21761.36	100.00	124,599	1,000,050	0		987