

**GRAY HEAD AT TELLURIDE
REAL ESTATE TRANSFER ASSESSMENT REGULATIONS**

1. Definitions.

- 1.1 "Assessment" shall have the same meaning as "Real Estate Transfer Assessment."
- 1.2 "Association" means Gray Head at Telluride Property Owners Association, Inc., a Colorado non-profit corporation.
- 1.3 "Consideration" means the gross consideration paid for a Lot or any portion thereof and shall include actual cash paid, the fair market value of real and personal property delivered or conveyed in exchange for the Transfer, and shall include the amount of any lien, mortgage, contract indebtedness, or other encumbrance or debt, either given to secure the purchase price, or any part thereof, or remaining unpaid on the Lot at the time of the Transfer. The term Consideration does not include as an addition to the gross consideration the amount of any outstanding lien or encumbrance in favor of the United States, the State of Colorado, or a municipal or quasi-municipal corporation or district for taxes, or special or local benefits.
- 1.4 "Declaration" means that certain Declaration of Covenants, Conditions, Restrictions and Easements for Gray Head at Telluride recorded at Reception No. 326339 in the records of the San Miguel County Clerk and Recorder.
- 1.5 "Gray Head at Telluride" means the common interest community created by the Declaration and any property added thereto by a supplement to the Declaration.
- 1.6 "Lot" shall have the same meaning as set forth in Section 2.3.6 of the Declaration.
- 1.7 "Real Estate Transfer Assessment" is defined in Section 2 below.
- 1.8 "Transfer," whether or not the same is in writing or is recorded, means and includes:
- 1.8.1 Any grant, assignment, transfer, exchange, conveyance or consummated sale of any ownership or title to a Lot or portion thereof situated in Gray Head at Telluride; or
- 1.8.2 Any leasing, letting, conveyance, assignment, transfer or consummated sale of a possessory interest in Lot or any portion thereof; or
- 1.8.3 Any sale, conveyance, or transfer of a majority or controlling interest in a corporation, limited liability company, partnership, limited partnership, joint venture, trust or other association or organization where such organization or association owns a Lot or Lots located in Gray Head at Telluride and the fair market value of that Lot or Lots represents more than one half of the total fair market value of all tangible assets of such entity, organization or association.

2. **Imposition of Real Estate Transfer Assessment.** Pursuant to the terms and provisions of the Declaration, the Association hereby imposes an assessment ("Real Estate Transfer Assessment") to be paid to the Association on all Transfers whether by deeds, instruments, writings, leases, or any other documents or otherwise by which any lands, tenements or other interests in a Lot located in Gray Head at Telluride are sold, granted, let, assigned, transferred, exchanged or otherwise conveyed to or vested in a transferee or transferees thereof, or any other person or entity, except as may be specifically exempted pursuant to Section 4 below. The Real Estate Transfer Assessment shall be due and payable at the time of any such Transfer and contemporaneously therewith as hereinafter specified.
3. **Amount.** The amount of Real Estate Transfer Assessment payable in each case shall be as follows:
 - 3.1 Where there is no Consideration or if the Consideration is Five Hundred (\$500.00) or less, no Real Estate Transfer Assessment shall be payable.
 - 3.2 Where the Consideration shall exceed Five Hundred Dollars (\$500.00), the Real Estate Transfer Assessment payable shall be as established from time to time by the Executive Board, but in no event in an amount greater than 3% of the Consideration. The initial Real Estate Transfer Assessment shall be 1.25% of the Consideration.
4. **Exemptions.** The Real Estate Transfer Assessment shall not apply to the following, except to the extent that the Association determines they are being used for the purpose of improperly avoiding the Real Estate Transfer Assessment:
 - 4.1 Any Transfer wherein the Association or the United States, or any agency or instrumentality thereof, the State of Colorado, any county, city and county, municipality, district or other political subdivision of this State, is either the grantor or grantee.
 - 4.2 Any Transfer by gift of a Lot, where there is no Consideration other than love and affection or charitable donation.
 - 4.3 Any Transfer by document, decree or agreement partitioning, termination or evidencing termination, of a joint tenancy, tenancy in common or other co-ownership of a Lot; however, if additional Consideration or value is paid in connection with such partition or termination, the Real Estate Transfer Assessment shall apply and be based upon such additional Consideration.
 - 4.4 Any Transfer of title or change of interest in a Lot by reason of death, pursuant to a will, the law of decent and distribution, or otherwise.
 - 4.5 Transfers made pursuant to reorganization, merger or consolidation of corporations or partnerships, or by a subsidiary to a parent corporation or partnership for no Consideration other than cancellation or surrender of the subsidiary's stock or partnership interest, or Transfers made to or from a corporation, partnership, limited partnership, joint venture, business trust or other association or organization to the extent that the new entity is owned by the persons by whom such Transfer was made with

respect to the interests they had in the real property immediately prior to said Transfer and there is no Consideration other than their respective interest in the new association or organization.

- 4.6 Transfers to make or effectuate any plan confirmed or ordered by a court of competent jurisdiction under the Bankruptcy Code or in an equity receivership proceeding.
- 4.7 Any Transfer made and delivered without Consideration for the purpose of: confirming, correcting, modifying or supplementing a Transfer previously made; making minor boundary adjustments; removing clouds of titles; or granting rights-of-way, easements or licenses.
- 4.8 Any decree or order of a court of record quieting, determining or resting title, except for a decree of foreclosure, including a final order awarding title pursuant to a condemnation proceeding.
- 4.9 Any lease of any Lot (or assignment or Transfer of any interest in any such lease) provided the terms and conditions of such lease does not contain a term, or initial term and all renewal terms, which aggregate in length 15 years or more; provided lessee has possession or the right to possession on payment of rents. A lease upon which the Real Estate Transfer Assessment is due also means any lease of a Lot for less than 15 years of term, or initial term and all renewal terms aggregated, if lessee has an option to purchase some or all of the Lot leased. However, if lessee has a lease with such an option to purchase and which option may be exercised only within 3 years after the date the lease and option is entered into, then the Real Estate Transfer Assessment shall not be due and payable unless and until the exercise and consummation of such option.
- 4.10 An executory contract for the sale of a Lot of less than two years' duration, under which the purchaser is entitled to or does take possession thereof without acquiring title thereto, or any assignment or cancellation of any such contract.
- 4.11 Transfers to secure a debt or other obligation, or releases other than foreclosure of a Lot which is security for a debt or other obligation.
- 4.12 A Transfer of title or any lesser interest for purpose of obtaining financing, or otherwise, not intended to effect a permanent alienation of the grantor's interest.
- 4.13 Transfers to spouses, natural children and adopted children.
- 4.14 Transfers made to a corporation, partnership, limited partnership, joint venture, business trust or other association or organization to the extent that the transferee is owned by the transferor or the transferor is owned by the transferee.
- 4.15 Transfers to a trust if the donor(s) has/have the same relative interest in the trust as they had prior to the transfer; or if there is no Consideration other than love and affection or charitable donation. Transfers from such a trust conveying or releasing the Lot from the trust are also exempt where there is no Consideration.

- 4.16 Any Transfer which fulfills the following two conditions:
- 4.16.1 The transferor previously obtained title to the Lot from the transferee; and
 - 4.16.2 The Transfer occurred pursuant to a written agreement entered into on or before the date of the deed which previously conveyed title from the transferee to the transferor. At a minimum, the agreement shall either: (i) allow the transferor to require the transferee to reacquire the Lot; or (ii) allow the transferee to require the transferor to reconvey the Lot to the transferee.
- 4.17 A Transfer under foreclosure or power of sale, or a voluntary conveyance in lieu of foreclosure, whereby the secured party takes back the Lot or the Lot is redeemed. However, a purchaser at a foreclosure sale who holds no security interest or redemption rights in the Lot, and who acquired title to the Lot upon expiration of all redemption periods, is required to pay the Real Estate Transfer Assessment.
- 4.18 Transfers pursuant to a decree of separation or divorce.
- 4.19 Transfers to intermediaries for no Consideration for a period not to exceed six months.
5. **Joint and Several Liability.** Each transferee and any other person or entity to whom a Transfer is made, which Transfer is subject to the Real Estate Transfer Assessment, shall be jointly and severally liable for payment of the Real Estate Transfer Assessment. The transferee or person or entity to whom a Transfer is made shall remit the Real Estate Transfer Assessment to the Association.
6. **Exemption Application.** In the event of any Transfer claimed to be exempt from the Real Estate Transfer Assessment herein imposed, the grantor or transferee shall apply for and attempt to obtain from the Association a Certificate of Exemption, which may be affixed to the deed or other instrument of Transfer. Any request for an exemption shall be in writing on forms prescribed by the Association, shall identify the section under which the exemption is claimed, and shall include a complete and accurate written description of the Transfer, including a true and complete statement of the actual Consideration for the Transfer, the names of the parties thereto, the legal description of the Lot, and shall also include any other documentation regarding the Transfer which the Association may request. The burden of proving any exemption shall in all cases be upon the person or entity claiming it. The exemptions provided in Section 4 above shall be allowed only upon issuance of a Certificate of Exemption by the Association prior to the date the Real Estate Transfer Assessment is payable to the Association.
7. **Refund.** In case of any application for an exemption which is not granted before the Transfer takes place, the Real Estate Transfer Assessment shall be paid as required by the hereunder. Thereafter if the exemption shall be allowed, upon written application to the Association, the person or entity who has paid the Real Estate Transfer Assessment shall be entitled, without any interest, to a refund thereof for so much of said Real Estate Transfer Assessment which qualifies for refunding pursuant to the exemption granted.
8. **Exchange of Property Outside of Gray Head at Telluride.** When a Transfer subject to these provisions includes a Lot located within Gray Head at Telluride as well as property located elsewhere,

the Real Estate Transfer Assessment imposed under the authority hereof shall be computed only with respect to the Lot located within Gray Head at Telluride and the Real Estate Transfer Assessment shall be assessed based on that part of the Consideration fairly attributable to such Lot.

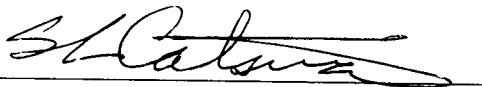
9. **Due Date and Delinquency.** The Real Estate Transfer Assessment imposed herein is due and payable at the time of the Transfer of a Lot, and is delinquent if it is not paid at that time. In the event that the Real Estate Transfer Assessment is not paid prior to becoming delinquent, a delinquency penalty of 10% of the amount of Real Estate Transfer Assessment shall accrue. In the event a portion of the Real Estate Transfer Assessment is paid prior to becoming delinquent, the penalty shall only accrue at the rate of 1.50% per month, or fraction thereof, on the amount of Real Estate Transfer Assessment exclusive of penalties, from the date the Real Estate Transfer Assessment becomes delinquent to the date of payment. Penalty and interest accrued shall become part of the Real Estate Transfer Assessment.

10. **Severability.** In the event that any portion hereof is held to be invalid by a court of competent jurisdiction, then the invalid portion shall be deemed to be removed, and all other remaining portions hereof shall remain in full force and effect.

Adopted pursuant to Resolution of the Executive Board of the Gray Head at Telluride Property Owners Association, Inc. dated May 11, 1999.

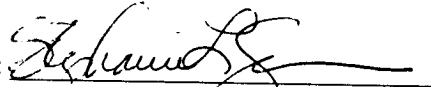
Gray Head at Telluride Property Owners Association, Inc.,
a Colorado non-profit corporation

By:



Steven L. Catsman, President

Attest:



Stephanie L. Eanos, Secretary

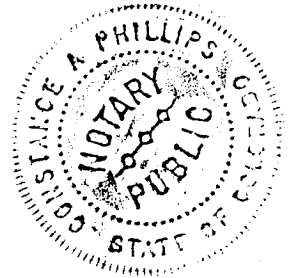
STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this 11th day of May, 1999 by Steven L. Catsman, President, Gray Head at Telluride Property Owners Association, Inc., a Colorado non-profit corporation.

My commission expires: 8/19/2002

Witness my official hand and seal.

Constance A. Phillips
Notary Public



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

The foregoing instrument was acknowledged before me this 11th day of May, 1999 by Stephanie L. Fanos, Secretary, Gray Head at Telluride Property Owners Association, Inc., a Colorado non-profit corporation.

My commission expires: 8/19/2002

Witness my official hand and seal.

Constance A. Phillips
Notary Public

