

**ARTICLE VIII.**  
**Obligations of the Members.**

1. **Assessments.** (a) Each Owner shall be obligated to pay and shall pay to the Resort Company the annual Common Assessment levied under Article IX with respect to such Owner's Site, and each Owner shall comply with any determinations made by the Board of Directors with respect to such assessments.

(b) Each Regular Member shall be obligated to and shall collect the Civic Assessment described in Article IX and pay the total amounts thereof regularly to the Resort Company, or see to it that the Civic Assessment is collected and that the total amounts thereof are paid regularly to the Resort Company as to any transaction with respect to which the Civic Assessment is applicable, and each member shall comply with any determinations made by the Board of Directors with respect to such assessments.

(c) The Mountain Special Member shall be obligated to pay and shall pay to the Resort Company, the Mountain Civic Assessment levied with respect to the Mountain Special Member's Assessable Income and shall comply with any determinations made by the Board of Directors with respect to such assessment.

(d) Each Regular Member and the Mountain Special Member shall be obligated to pay and shall pay to the Resort Company any Special Assessment imposed under Article IX hereof, as the amount of such Special Assessment applicable to each member is determined under the provisions of that Article. Each Regular Member and the Mountain Special Member shall comply with any determinations made by the Board of Directors with respect to such assessment.

(e) Each member shall pay all charges, fines, penalties, interest, or other amounts payable to the Resort Company in connection with the Common Assessments, Civic Assessments, Mountain Civic Assessments or Special Assessments, or otherwise payable under the Declaration, the Articles of Incorporation or these bylaws.

2. **Time for Payments.** The amount of any Assessment, charge, fine, penalty or other amount payable with respect to any member or such member's Guest or Site shall become due and payable as specified in Article IX hereof or by the Board of Directors, and any such amount which is delinquent shall bear interest at the rate of 18 percent per annum from the date due and payable.

3. **Lien for Assessments and Other Amounts.** In addition to the rights set forth in Article IX hereof, the Resort Company shall have a lien against each Site to secure payment of any assessment, charge, fine, penalty or other amount due and owing to the Resort Company with respect to the Owner of that Site or with respect to such Owner's Lessees, Guests or Site plus interest from the date due and payable, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees. All liens granted pursuant to this Section 3 and Sections 1, 2, 3 and 4, Article IX, hereof shall be junior to any first lien or encumbrance on a Site taken in good faith and for value and perfected by recording in the office of the Clerk and Recorder of Eagle County, Colorado, prior to the time a notice of failure to pay any such amount is recorded in said office, describing the Site, and naming the Owner of the Site. Such lien may be foreclosed in the manner for foreclosures of mortgages in the State of Colorado.

4. **Compliance with the Declaration, Articles of Incorporation, Bylaws and Rules and Regulations.** Each member shall comply with all provisions of the Declaration, Articles of Incorporation, these bylaws, and any rules and regulations issued by the Board of Directors as from time to time in force and effect. The membership rights and privileges, including, but not limited to, the right to vote and the right to use Facilities and Functions of any member or Guest, may be suspended by action of the Board of Directors during the period when any assessments or other amounts due relating to such member's Site remain unpaid; but, upon payment of such assessments or other amounts, such rights and privileges shall be automatically restored. If the

Board of Directors has adopted and published rules and regulations governing the use of Facilities or Functions and the personal conduct of any person related thereto, the directors or the officers of the Resort Company may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed 30 days, or if such person is in a continuous violation of such rules and regulations for a period until such time as the violation ceases. At the time such continuous violation ceases, the 30-day suspension may be applied to such person.

5. **Amendments.** This Article VIII may be amended only by the Affirmative Vote of a Majority of the Classes.

## **ARTICLE IX. Assessments**

1. **Common Assessments.** The Board of Directors on or about May 1 of each year shall levy upon and subsequently collect from each Owner an annual assessment (the "Common Assessment") which shall be determined by multiplying (A) the assessed value of all real property located within and improvements located on or affixed to each of such Owner's Sites, as such value shall have been most recently determined by the Assessor of Eagle County, Colorado (the "Assessed Value"), by (B) the Common Assessment Rate determined by the Board of Directors in accordance with Section 7(a) of this Article IX. To determine the Assessed Value of each Site and the improvements thereon, the Board of Directors shall obtain a copy of the tax list and warrant covering and including all real property in Beaver Creek as soon as practicable after its publication by the Treasurer of Eagle County, Colorado on or about January 1 of each year. Notwithstanding the foregoing, if for any reason a current tax list and warrant is not available in a timely fashion or does not, in the judgment of the Board of Directors, provide sufficient information to determine the Assessed Values of one or more particular Sites and all of the improvements thereon, the Board of Directors may use any reasonable means available to it to determine such Assessed Values for purposes of levying Common Assessments, including without limitation reference to previous county assessed value determinations and other pertinent information and the employment of qualified appraisers. Identification of Owners for the purpose of levying Common Assessment shall be made in accordance with said tax list and warrant except to the extent that the Board of Directors shall send by first class mail, postage prepaid, a notice or notices to each Owner at the address shown on said tax list and warrant, or at such other address of which the Board of Directors may have notice, setting forth the Assessed Value, the Common Assessment Rate and the Common Assessment relative to each Site owned by such Owner. Payment of each Common Assessment shall become due and payable, in its entirety on or before June 30. Any portion of any Common Assessment not paid when due and payable shall become a lien on and against all of the real property owned by such Owner in Beaver Creek, including any Sites owned by such Owner other than the Site with respect to which the Common Assessment has not been fully paid. The Board of Directors in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Common Assessment which it deems sufficient to protect the interest of the Resort Company. Notwithstanding the foregoing, any Site which is exempt from taxation pursuant to Title 39, Article 3 of the Colorado Revised Statutes as amended (or any comparable statute), or any property, real or personal, of the State and its political subdivisions, may be granted an exemption from the Resort Company Common Assessment by the Board of Directors; provided that the Board of Directors specifically approves such exemption in each particular case.

2. **Civic Assessments.** The Board of Directors shall regularly levy upon and collect from each Regular Member an assessment (the "Civic Assessment") in regard to all sales of (a) tangible personal property made by such member or made, consummated, conducted, transacted or occurring within the geographical boundaries of Beaver Creek and services made, performed or rendered by or on behalf of such member within the geographical boundaries of Beaver Creek (all of which are referred to herein as "Local Sales") which are subject to the Colorado Emergency Retail Sales Tax Act of 1935 (Colorado Revised Statutes, 1973, Title 39, Article 26), as amended (the "Colorado Sales Tax"), and (b) other tangible personal property made, consummated,

conducted, transacted or occurring within the geographical boundaries of Beaver Creek. However, the Civic Assessment shall not apply to any gross receipts from sales (i) in connection with any event sponsored by the Resort Company, or (ii) in connection with any event sponsored by an organization exempt from Colorado Sales Tax, but, only to the extent such gross receipts relate to purchases by the organization for official organization business that are therefore exempt from Colorado Sales Tax, or (iii) where the property purchased is to be delivered to the purchaser outside of Beaver Creek by common carrier or by mail. Each such member's Civic Assessment shall be determined by multiplying such member's Local Sales that are included within such member's Net Taxable Sales (as defined for purposes of the computation of the Sales Tax) plus such member's gross receipts from the sale of tangible personal property not covered by the Sales Tax by the Civic Assessment Rate determined by the Board of Directors in accordance with Section 7(b) of Article IX. Each such member's Civic Assessment shall be due and payable without notice to the Resort Company each time and at such time as such member is required to remit or pay Colorado Sales Tax to the State of Colorado or would be required to make such payment if the property sold were covered by the Sales Tax. Each such member shall also deliver to the Resort Company without notice true and correct copies of all written reports, returns, statements, records and declarations, including any supplements or amendments thereto (all of which are referred to herein as "Reports") made or provided to the State of Colorado by such member in connection with any Local Sales under the provisions of said Act at such time as such Reports are required to be made to the State of Colorado. If any subsequent adjustments, additions, or modifications are made to any Colorado Sales Tax remitted or paid or Report made by any member to the State of Colorado, such member shall within 30 days thereafter so notify the Resort Company and provide it with true and complete copies of all Reports or other written material issued or received by such member in regard thereto. If any adjustment increases the amount of Colorado Sales Tax a member is required to remit or results in a refund of such tax, such member shall accordingly pay an appropriate additional Civic Assessment or receive an appropriate refund from the Resort Company of any excess Civic Assessments previously paid. Any portion of any Civic Assessment not paid by any member when due and payable shall become a lien on and against all of the real property owned or leased by such member in Beaver Creek. The Board of Directors in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Civic Assessments which it deems sufficient to protect the interests of the Resort Company.

**3. Mountain Civic Assessments.** The Board of Directors shall levy upon and collect from the Mountain Special Member (as well as any other member or entity selling products or services on the Mountain Facility) a special assessment (the "Mountain Civic Assessment" ) in regard to all sales of (a) tangible personal property made by such member or made, consummated, conducted, transacted or occurring on the Mountain Facility, and services made, performed or rendered by or on behalf of such member on the Mountain Facility (all of which are referred to herein as "Mountain Sales") which are subject to the Colorado Sales Tax (as defined in Section 2 above), (b) other tangible personal property made, consummated, conducted, transacted or occurring on the Mountain Facility, and (c) ski tow and lift tickets. The Mountain Civic Assessment is determined by multiplying (i) the sum obtained by adding the Mountain Sales that are included within such member's Net Taxable Sales (as defined for purposes of the computation of the Sales Tax), and such member's gross receipts from the sale of tangible personal property not covered by the Sales Tax and the sale of ski tow and lift tickets, by (ii) the Mountain Civic Assessment Rate determined by the Board of Directors in accordance with Section 7(c) of Article IX. With respect to the sale of ski tow and lift tickets, the "gross receipts" of the member shall mean the total amount of payments (whether made in cash or by check or credit card charge) actually received by the member from such sales, provided that the total amount of such payments received shall not include any related sales commissions paid to sales agents who are not employees of such member, or any sales, use, business, license, occupations or other excise taxes (other than income taxes) imposed by any governmental unit which are determined by reference to the amount of sales or gross receipts. The Mountain Civic Assessment is due and payable to the Resort Company, without notice, each time and at such time as the member is required to remit or pay Colorado Sales Tax to the State of Colorado or

would be required to make such payment if the property sold were covered by the Sales Tax. Each member responsible for paying a Mountain Civic Assessment shall deliver to the Resort Company, without notice, true and correct copies of all Reports (as defined in Section 2 above) made or provided to the State of Colorado by such member in connection with any Mountain Sales under the provisions of said Act at such time as such Reports are required to be made to the State of Colorado. If any subsequent adjustments, additions, or modifications are made to any Colorado Sales Tax remitted or paid or Report made by any member to the State of Colorado, such member shall within 30 days thereafter so notify the Resort Company and provide it with true and complete copies of all Reports or other written material issued or received by such member in regard thereto. If any adjustment increases the amount of Colorado Sales Tax a member is required to remit or results in a refund of such tax, such member shall accordingly pay an appropriate additional Mountain Civic Assessment or receive an appropriate refund from the Resort Company of any excess Mountain Civic Assessments previously paid. Any portion of any Mountain Civic Assessment not paid by any member when due any payable shall become a lien on and against all of the real property owned or leased by such member in Beaver Creek or the Mountain Facility. The Board of Directors in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Mountain Civic Assessments which it deems sufficient to protect the interests of the Resort Company.

**4. Special Assessments.** Special Assessments shall include Resort Assessments, Local Improvement Assessments, or Real Estate Transfer Assessments, and Recreation Assessments as those terms are used below. They shall be imposed as provided in this Section 4 and shall be collected by the Resort Company. Any portion of any Special Assessment not paid by any member when due and payable shall become a lien on and against all of the real property owned or leased by such member in Beaver Creek. The Board of Directors in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Special Assessments which it deems sufficient to protect the interests of the Resort Company.

(a) **Resort Assessments.** The Board of Directors may levy in any fiscal year one or more Resort Assessments, applicable to that year only, for any proper purpose of the Resort Company, provided that each such assessment shall be approved by the Affirmative Vote of a Majority of the Classes at a meeting duly called for such purpose upon written notice which sets forth the purpose of the meeting and is sent to all members at least 30 days in advance (unless each member waives such notice). Any such assessment which is so approved shall be levied in proportion to each member's total Common, Civic, Recreation, and Mountain Civic Assessment contribution to the Resort Company for the previous fiscal year; however, if no such contributions were made in the previous fiscal year, such Resort Assessment may be levied in such proportion as is determined by the Board of Directors and approved by the Affirmative Vote of a Majority of the Classes. The date or dates that any such Resort Assessment is due and payable shall be set forth in the resolution of the Board of Directors authorizing such Resort Assessment. However, no Resort Assessment shall be levied unless it has been approved by at least 75% of the Class A, B, C and D Directors.

(b) **Local Improvement Assessments.**

(i) **Local Improvements.** In the judgment of the Board of Directors, if certain improvements within Beaver Creek are desirable, if those improvements will especially benefit certain Sites, and if all or a part of the costs of those improvements should in fairness be paid for by the Owners of the benefited Sites, the Board of Directors may propose a Local Improvement Assessment. With respect to each proposed Local Improvement Assessment, the Board of Directors shall specify the nature of the proposed improvement, shall designate those Sites which will be especially benefited by the improvement (the "Benefited Sites"), and shall recommend a Local Improvement Assessment calculated to meet the costs applicable to the local improvement, with the board specifying the amounts of such assessments, the dates for payment of such assessments, and the portion, if any, of the costs of any improvement that will be borne by the Resort Company. The Local Improvement Assessment shall then be submitted to a vote of the Owners of the Benefited Sites, at a meeting duly called for such purpose upon written notice which

sets forth the purpose of the meeting and is sent to the Owners of the Benefited Sites at least 30 days in advance (unless each such Owner waives such notice). If the Owners of the Benefited Sites containing more than 50 percent of the area of the total Benefited Sites approve the Local Improvement Assessment at such a meeting, the Local Improvement Assessment shall take effect.

(ii) **Apportionment of Local Improvements Assessments.** Local Improvement Assessments shall be assessed in proportion to the benefits received. The Board of Directors shall make such assessments in proportion as the frontage of each Benefited Site is to the frontage of all the Benefited Sites, or in proportion as the area of each Benefited Site is to the area of all the Benefited Sites, or by any other method that the Board of Directors finds will result in assessments being equitable in proportion to benefits received.

(iii) **Disposition of Funds Raised Through Local Improvement Assessments.** All funds collected through the imposition of a Local Improvement Assessment shall be applied to the costs of making, constructing, and installing the local improvement for which such assessment was imposed, except that any funds remaining unspent upon completion of such improvement shall be returned to the Owners of the Benefited Sites in the proportion on which such Sites were assessed.

(c) **Real Estate Transfer Assessments.**

(i) **Assessable Transfers.** Upon the occurrence of any transfer, as defined below, the transferee under such transfer shall pay to the Resort Company a real estate transfer assessment (the "Real Estate Transfer Assessment") equal to the fair market value, as defined below, of the Site subjected to transfer, multiplied by the Real Estate Transfer Assessment Rate determined in accordance with Section 7(d) of this Article IX.

(ii) **Definitions.**

(A) **Transfer.** For purposes of this Section 4(c) of this Article IX, "transfer" means and includes, whether in one transaction or in a series of related transactions, any conveyance, assignment, lease or other transfer of beneficial ownership of any Site, including but not limited to (1) the conveyance of fee simple title to any Site, (2) the transfer of more than 50 percent of the outstanding shares of the voting stock of a corporation which, directly or indirectly, owns one or more Sites, and (3) the transfer of more than 50 percent of the interest in net profits or net losses of any partnership, joint venture or other entity which, directly or indirectly, owns one or more Sites, but "transfer" shall not mean or include the transfers excluded under paragraph 4(c) (iii).

(B) **Transferee.** For purposes of this Section 4(c) of this Article IX, "transferee" means and includes all parties to whom any interest passes by a transfer, and each party included in the term "transferee" shall have joint and several liability for all obligations of the transferee under this Section 4(c).

(C) **Fair Market Value.** In the case of a transfer that is in all respects a bona fide sale, "fair market value" of the Site subjected to transfer shall be the consideration, as such term is defined below, given for the transfer. In case of a transfer that is a lease or is otherwise not in all respects a bona fide sale, fair market value of the Site subjected to transfer shall be determined by the Resort Company. A transferee may make written objection to the Resort Company's determination within 15 days after the Resort Company has given notice of such determination, in which event the Resort Company shall obtain an appraisal, at the transferee's sole expense, from a real estate appraiser of good reputation, who is qualified to perform appraisals in Colorado, who is familiar with Eagle County real estate values, and who shall be selected by the Resort Company. The appraisal so obtained shall be binding on both the Resort Company and the transferee. The above provisions notwithstanding, where a transferee does not make a full report of a transfer within 15 days after the time required by this Section 4(c) for making such report, the transferee shall be deemed to have waived all right of objection concerning fair market value, and the Resort Company's determination of such value shall be binding.

(D) **Consideration.** For purposes of this Section 4(c) of this Article IX, "consideration" means and includes the total of money paid and the fair market value of any property delivered, or contracted to be paid or delivered, in return for the transfer of any Site, and includes the amount of any note, contract indebtedness, or rental payment reserved in connection with such transfer, whether or not secured by any lien, mortgage, or other encumbrance, given to secure the transfer price, or any part thereof, or remaining unpaid on the property at the time of transfer, whether or not assumed by the transferee. The term "consideration" does not include the amount of any outstanding lien or encumbrance for taxes, special benefits or improvements, in favor of the United States, the State of Colorado, or a municipal or quasi-municipal governmental corporation or district.

(iii) **Exclusions.** The Real Estate Transfer Assessment shall not apply to any of the following, except to the extent that they are used for the purpose of avoiding the Real Estate Transfer Assessment.

(A) Any transfer to 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.

(B) Any transfer to the Beaver Creek Resort Company of Colorado or its successors.

(C) Any transfer, whether outright or in trust, that is for the benefit of the transferor or his relatives, but only if there is no more than nominal consideration for the transfer. For the purposes of this exclusion, the relatives of a transferor shall include all lineal descendants of any grandparent of the transferor, and the spouses of the descendants. Any person's stepchildren and adopted children shall be recognized as descendants of that person for all purposes of this exclusion. For the purposes of this exclusion, a distribution from a trust shall be treated as a transfer made by the grantors of the trust, in the proportions of their respective total contributions to the trust.

(D) Any transfer arising solely from the termination of a joint tenancy or the partition of property held under common ownership, except to the extent that additional consideration is paid in connection therewith.

(E) Any transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution.

(F) Any transfer made (1) by a majority-owned subsidiary to its parent corporation, or by a parent corporation to its majority-owned subsidiary, or between majority-owned subsidiaries of a common parent corporation, in each case for no consideration other than the issuance, cancellation or surrender of the subsidiary's stock; or (2) by a partner, member, or joint venturer to a partnership, limited liability company, joint venture, or other similar, legally recognized entity in which the partner, member or joint venturer has not less than a fifty percent (50%) interest, or by a partnership, limited liability company, joint venture or other similar, legally recognized entity to a partner, member or joint venturer holding not less than a fifty percent (50%) interest in such partnership, limited liability company, joint venture, or other similar, legally recognized entity, in each case for no consideration other than the issuance, cancellation or surrender of interests in such partnership, limited liability company, joint venture or other similar, legally recognized entity, as appropriate; or (3) by a corporation to its shareholders, in connection with the liquidation of such corporation or other distribution of property or dividend in kind to shareholders, if the Site is transferred generally prorata to its shareholders and no consideration is paid other than the cancellation of such corporation's stock; or (4) by a partnership, limited liability company, joint venture, or other similar, legally recognized entity to its partners, members or joint venturers, in connection with a liquidation of such entity or other distribution of property to its partners, members

or joint venturers, if the Site is transferred generally prorata to its partners, members or joint venturers and no consideration is paid other than the cancellation of the partners' members' or joint venturers' interests; or (5) to a corporation, partnership, joint venture or other association or organization where such entity is owned in its entirety by the persons transferring the Site and such persons have the same relative interests in the transferee entity as they had in the Site immediately prior to such transfer, and no consideration is paid other than the issuance of each such persons' respective stock or other ownership interests in the transferee entity; or (6) by any person(s) or entity(ies) to any other person(s) or entity(ies), whether in a single transaction or a series of transactions where the transferor(s) and the transferee(s) are and remain under common ownership and control as determined by the Board of Directors of the Resort Company in its sole discretion applied on a consistent basis; provided, however, that no such transfer or series of transactions shall be exempt unless the Board of Directors finds that such transfer or series of transactions [A] is for no consideration other than the issuance, cancellation or surrender of stock or other ownership interest in the transferor or transferee, as appropriate, [B] is not inconsistent with the intent and meaning of this Subsection (F), and [C] is for a valid business purpose and is not for the purpose of avoiding the obligation to pay the Real Estate Transfer Assessment. For purposes of this Subsection (F)(6), a transfer shall be deemed to be without consideration (x) if the only consideration is a book entry made in connection with an intercompany transaction in accordance with generally accepted accounting principles, or (y) no person or entity which does not own a direct or indirect equity interest in the Site immediately prior to the transfer becomes the owner of a direct or indirect equity interest in the Site (an "Equity Owner") by virtue of the transfer, and the aggregate interest immediately prior to the transfer of all Equity Owners whose equity interest is increased on account of the transfer does not increase by more than 20% (out of the total 100% equity interest in the Site), and no individual is entitled to receive directly or indirectly any consideration in connection with the transfer. In connection with considering any request for an exception under this Subsection (F)(6), the Board of Directors of the Resort Company may require the applicant to submit true and correct copies of all relevant documents relating to the transfer and an opinion of the applicant's counsel (such opinion and counsel to be reasonably acceptable to the Board of Directors) setting forth all relevant facts regarding the transfer, stating that in their opinion the transfer is exempt under this Subsection (F)(6), and setting forth the basis for such opinion.

(G) Any transfer made solely for the purpose of confirming, correcting, modifying or supplementing a transfer previously recorded, making minor boundary adjustments, removing clouds on titles, or granting easements, rights-of-way or licenses, and any exchange of lots between Declarant and any original purchaser from Declarant of the one or more lots being transferred to Declarant in such exchange. To the extent that consideration in addition to previously purchased lots is paid to Declarant in such an exchange, the additional consideration shall be a transfer subject to assessment. To the extent that Declarant, in acquiring by exchange lots previously purchased from Declarant, pays consideration in addition to transferring lots, the amount of such additional consideration shall be treated as reducing the original assessable transfer and shall entitle an original purchaser from Declarant, who exchanges with Declarant lots previously purchased from Declarant, to a refund from the Resort Company of the amount of the transfer assessment originally paid on that portion of the original transfer.

(H) Any transfer pursuant to any decree or order of a court of record determining or vesting title, including a final order awarding title pursuant to a condemnation proceeding, but only where such decree or order would otherwise have effect of causing the occurrence of a second assessable transfer in a series of transactions which includes only one effective transfer of the right to use or enjoyment of a Site.

(I) Any lease of any Site (or assignment or transfer of any interest in any such lease) for a period of less than thirty years.

(J) Any transfer solely of minerals or interests in minerals.

(K) Any transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation, including transfers in connection with foreclosure of a deed of trust or mortgage or transfers in connection with a deed given in lieu of foreclosure.

(L) The subsequent transfer(s) of a Site involved in a "tax free" or "tax deferred" trade under the revenue code wherein the interim owner acquires property for the sole purpose of reselling that property within 30 days after the trade. In these cases, the first transfer of title is subject to Real Estate Transfer Assessment and subsequent transfers will only be exempt as long as a transfer assessment has been paid in connection with the first transfer of such Site in such exchange.

(M) The transfer of a Site to an organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, as amended (or any comparable statute), provided that the Board of Directors specifically approves such exemption in each particular case.

(N) Any transfer made by a corporation or other entity, for consideration, (1) to any other corporation or entity which owns 100% of its equity securities (a "Holding Company"), or (2) to a corporation or entity whose stock or other equity securities are owned, directly or indirectly, 100% by such Holding Company.

(O) Any transfer from a partially owned direct or indirect subsidiary corporation to its direct or indirect parent corporation where consideration is paid for, or in connection with, such transfer; however, unless such transfer is otherwise exempt, such exemption shall apply only to the extent of the direct or indirect beneficial interest of the transferee in the transferor immediately prior to the transfer. For example, if corporation A owns 60% of corporation B, and corporation B owns 100% of corporation C and corporation C conveys a Site to corporation A for \$2 million, 60% of the Real Estate Transfer Assessment would be exempt and a Real Estate Transfer Assessment would be payable only on \$800,000 (i.e., 40% of the \$2 million consideration).

(P) The consecutive transfer of a Site wherein the interim owner acquires such Site for the sole purpose of immediately reconveying such Site, but only to the extent there is no consideration to the interim owner and such interim owner receives no right to use or enjoyment of such Site, provided the Board of Directors specifically approves such exemption in each particular case. To the extent that consideration is paid to, or for the benefit of, the interim owner, the additional consideration shall be a transfer subject to assessment. In these cases, the first transfer of title is subject to the Real Estate Transfer Assessment and subsequent transfers will only be exempt as long as a transfer assessment has been paid in connection with the first transfer of such Site in such consecutive transaction and only to the extent there is no consideration to the interim owner.

(iv) **Payment and Reports.** The Real Estate Transfer Assessment shall be due and payable by the transferee to the Resort Company at the time of the transfer giving rise to such Real Estate Transfer Assessment. With such payment, the transferee shall make a written report to the Resort Company on forms pre-scribed by the Resort Company, fully describing the transfer and setting forth the true, complete and actual consideration for the transfer, the names of the parties thereto, the legal description of the Site transferred, and such other information as the Resort Company may reasonably require.

(d) **Recreation Assessments.** The Board of Directors shall levy and collect from each member a special assessment (the "Recreation Assessment") determined by multiplying such member's Recreation Income, as defined below, by the Civic Assessment Rate determined in accordance with Section 7(b) of this Article IX. "Recreation Income" shall mean all gross receipts from (i) the providing of ski lessons or other lessons or the rental of ski or other recreational equipment on the Mountain Facility, (ii) the operation of any recreational, entertainment or sports

facility within Beaver Creek, including but not limited to any golf course, tennis, squash or racquetball court, sports spa, health spa, movie theater, equestrian facility or the like, (iii) the lease of any recreational or sports equipment within Beaver Creek (if not covered by the Civic Assessment) and (iv) the sale of lessons, instructions or guide services relating to any recreational or sports activities. For the purpose of determining such member's Recreation Income, "gross receipts" shall mean the total amount of payments (whether made in cash or by check or credit card charge) actually received by such member from any such sales or leases, provided the total amount of such payments shall not include any related sales commissions paid to sales agents who are not employees of such member, or any sales, use, business, license, occupational or other excise taxes (other than income taxes) imposed upon such member by any governmental unit which are determined by reference to the amount of sales or gross receipts. Each member shall pay the Recreation Assessment to the Resort Company on or before the twentieth day of each calendar month covering Recreation Income received during the preceding calendar month. However, Recreation Income shall not include any gross receipts received in connection with any event sponsored by the Resort Company or any charitable or a eleemosynary organization.

If at least 75% of the Class A, B, C, and D directors then in office approve, the Board of Directors may make such exemptions to the Recreation Assessment as they deem appropriate which exemption may exempt all activities otherwise covered by the Recreation Assessment.