

SUPPLEMENTAL DECLARATION OF LAND USE RESTRICTIONS

Pertaining to Tract I (Block 2) Beaver Creek Subdivision (Beaver Creek Drive)

I. INTRODUCTION & PURPOSE

1.1 This Supplemental Declaration (a) is filed pursuant to Paragraph 7.2 of the Amended and Restated General Declaration for Beaver Creek (the "Declaration") recorded December 27, 1979 in Book 296 at Page 446 of the Real Property records of Eagle County, Colorado, and (b) affects only Tract I (Block 2) of Beaver Creek Subdivision, Seventh Filing, according to the recorded plat thereof and any amendments thereto (the "Affected Property").

1.2 The purposes of this Supplemental Declaration are to set forth additional limitations and restrictions with respect to the use, density and design of improvement on the Affected Property in order to preserve the natural beauty of Beaver Creek as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of the Affected Property.

II. DEFINITIONS

2.1 "Living Unit" shall mean one or more rooms designed for or which may readily be occupied exclusively by one family or group of people living independently from any other family or group of people, and having not more than one cooking facility.

2.2 "Single Family Structure" shall mean a detached building which contains one Living Unit.

2.3 "Primary/Secondary Structure" shall mean a detached building (a) which contains two Living Units, and (b) in which the Gross Residential

Floor Area of one of the Living Units contains no more than 25% of the Gross Residential Floor Area of the entire building.

2.4 "Gross Residential Floor Area" shall mean the total floor area within the enclosed walls of the Living Unit or building (whichever is applicable), including closets, service areas and interior walls within the unit or building, but excluding balconies, hallways, corridors, stairwells, garages and service areas outside the Living Unit or building, and uninhabitable heating or mechanical equipment areas.

2.5 "Cooking Facility" shall mean fixtures and equipment for food storage and preparation of meals, including at least a sink, oven and refrigerator.

2.6 "Building Envelope" shall mean each area designated as a "building envelope" on the recorded subdivision plat for the lots within the Affected Property.

2.7 "Building Improvements" shall mean any material improvement of any of the Affected Property including, but not limited to landscaping, site preparation, paving, fencing, building construction, exterior changes, or interior changes which would change the use of any interior space to an unauthorized use or which would change the number of Living Units.

2.8 Other capitalized terms used herein shall have the meaning set forth in the Declaration or in this Supplemental Declaration.

III. LIMITATION ON BUILDING IMPROVEMENTS

3.1 Lots 1 through 6 (both inclusive), and Lots 9 through 17 (both inclusive) may not contain any Building Improvements except:

- (1)** A Single Family Structure; or
- (2)** A Primary/Secondary Structure; plus
- (3)** A garage of a size and at a location approved in writing by the Review Board, which may be within or without the Building Envelope for such lot; and

- (4)** Such enclosed service areas for garbage, trash, utilities, clothes lines and other maintenance facilities as may be approved in writing by the Review Board; and
- (5)** Such fences, walls, driveways and parking areas as may be approved in writing by the Review Board; and
- (6)** Landscaping improvements approved in writing by the Review Board; and
- (7)** Swimming pools, hot tubs, tennis courts, solar devices and greenhouses approved in writing by the Review Board.

3.2 Notwithstanding paragraph 3.1, if the original deed conveying any lot within the Affected Property from Vail Associates, Inc. to a third party shall specify that only one dwelling unit is allocated to such lot, a Primary/Secondary Structure may not be constructed or maintained on such lot.

3.3 Any Single Family Structure or Primary/Secondary Structure built upon any lot within the Affected Property must be built entirely within the Building Envelope for such lots; however, with the prior written approval of the Review Board, minor encroachments outside such Building Envelope may be permitted for roof overhangs, balconies, service areas, porches, patios and carports.

3.4 Each Owner of a lot within the Affected Property agrees that he will obtain a subsurface geotechnical investigation to provide general information on foundation condition within each Building Envelope prior to the design or construction of any Building Improvement. Such report will be made available to the Building Department of Eagle County and the Design Review Board upon applying for Sketch Plan approval.

3.5 Each Owner of a lot within the Affected Property agrees that he will not apply to Eagle County, Colorado, or any other governmental authority for permission to construct Building Improvements on such Owner's lot other than those permitted by this Article III, without the prior express written authorization of Resort Company and Declarant.

3.6 No Primary/Secondary Structure shall be approved by the Review Board if the exterior appearance of the structure is such that it appears

that two substantially similar Living Units are contained in such structure.

3.7 Lot 8 of the Affected Property has been designated "road right-of-way" in the Plat. No Building Improvement shall be built on, over, under or through any of such lots except a road and related roadway improvement (such as road shoulders, road signs, streetlights, fences, bicycle and skier paths and walkways), underground utilities, and overpasses allowing at least twelve feet of clearance over the finished grade thereof, if approved in writing by the Resort Company and Declarant.

3.8 Lots 7, 18 and 19 of the Affected Property have been designated "Open Space" in the Plat. Except as set forth below, no Building Improvements may be constructed or maintained on such lot unless the prior written approval of the Resort Company has been obtained, which may be withheld in the Resort Company's sole and absolute discretion. Such approval shall be evidenced by a permit signed by the president or a vice-president of the Resort Company identifying the lot upon which the Building Improvement may be constructed, and specifying the nature of the Building Improvement. All permits for Building Improvements on such lots shall be revocable at any time with or without cause by the Resort Company in its sole and absolute discretion. Notwithstanding the foregoing, the Resort Company may construct, operate and maintain Building Improvements on such lots including but not limited to parks, picnic areas, playing fields, gardens, pools, streams, ponds, tennis courts, parking facilities, concession stands and underground facilities.

3.9 Except as set forth below, no Building Improvements may be constructed on, over, under, through or within an area designated as an easement (whether it be utility, skier, drainage, equestrian, golf or otherwise) or within any area designated as a flood plain on the Plat without the prior written approval of the Resort Company, which (a) may be withheld by the Resort Company in its sole and absolute discretion, and (b) may be subject to such charges and conditions as the Resort Company in its sole and absolute discretion deems appropriate. Each such approval shall be revocable by the Resort Company in its sole and absolute discretion with or without cause. Notwithstanding the foregoing, the Resort Company may construct and maintain Building Improvements on, over, under, through or within such easements or flood plain of a kind and nature reasonably related to the use of the easement granted. Any Building Improvements constructed on such area pursuant to written approval of the Resort Company shall be maintained in good order and repair by the Owner of

the property upon which such Building Improvements are constructed.

3.10 No fireplace may be constructed within the Affected Property except a fireplace meeting the requirements and limitations set forth in Paragraph 7.13 of the Declaration. All fireplaces are subject to regulation under the rules and regulations of the Resort Company from time to time in force and effect.

IV. USE OF RESTRICTED LOTS

4.1 No lot within the Affected Property may be used otherwise than for residential purposes with customary accessory uses (including but not limited to long or short term rentals to persons who use such improvements for residential or lodging purposes) except as permitted under paragraph 4.5, and except:

- (a) Lot 8 which may be used for road right-of-way purposes and customary uses such as those listed in Paragraph 3.6 hereof, underground utilities and overpasses permitted under Paragraph 3.6 hereof; and
- (b) Lots 7, 18 and 19, which may be used for purposes consistent with its open space designation.

4.2 No Owner of any lot within the Affected Property may apply to Eagle County, Colorado, or any governmental jurisdiction to change the zoning applicable to such Owner's lot, or to subdivide such lot, without the prior written approval of the Resort Company and the Declarant.

4.3 No Owner of any lot within the Affected Property shall dedicate or submit such Owner's lot to a condominium form of ownership without the prior written approval of the Resort Company and the Declarant.

4.4 No Owner of any lot within the Affected Property shall offer or sell any such lot to a "timesharing" or "interval ownership" plan, or any similar plan, without the specific prior written approval of the Resort Company and the Declarant. Such approval shall be evidenced by a permit signed by the president or a vice president of the Resort Company identifying the portion of the Affected Property to which the "timesharing," "interval ownership" or other plan pertains, and giving such other

information with respect to such plan as the Resort Company or Declarant shall reasonably require.

4.5 No lot within the Affected Property may be used for any commercial activity unless the Resort Company has issued a written permit for such activity; however, this provision shall not prohibit the use of any lot for skiing and ski related activities. The Resort Company may refuse to issue a permit in its sole and absolute discretion, and it will not issue a permit for any commercial activity if, in the Resort Company's reasonable judgment, such activity would:

- (i) create additional vehicular traffic to or from such lot;
- (ii) employ persons at such Lot other than those residing at such lot;
- (iii) require storage of any significant materials, machinery, inventory or other items at such lot;
- (iv) require processing of materials into finished projects or the assembly of parts produced off site;
- (v) require additional parking at such lot, whether for customers, delivery or otherwise; and
- (vi) otherwise violate the provisions of Article VII or VIII of the Declaration.

4.6 Any permit for commercial activity issued by the Resort Company shall be limited to a two-year period, and may be revoked without cause by the Resort Company.

4.7 At such time as any building improvements are completed on any lot within the Affected Property, such Building Improvements must provide a minimum of two parking spaces per dwelling unit constructed on such lot. In addition, (a) with respect to Building Improvements containing more than 3,000 square feet of Gross Residential Floor Area, the Review Board may require additional parking spaces to be provided, and (b) the Review Board may require additional off street parking within any lot in cases where, in the Review Board's opinion, there is insufficient off street parking available near such lot.

4.8 No Building Improvement on any lot within the Affected Property may have a building height of more than 35 feet. In determining building height, a vertical distance shall be taken at a series of points at equal intervals around the perimeter of the building. The intervals may be of any equal distances less than 30 feet each. Within each interval, the height of any roof with a horizontal projection of 10 feet or greater shall be measured from finished grade to the respective mid-point between the eave and ridge. These heights shall then be averaged to determine the height for that specific interval of the building. Finally, the height of the building shall be determined by averaging the heights of all intervals around the building. Finish grade for purposes of these height calculations shall be the final elevation of the surface material (soil, paving, decking, or plaza) adjacent to the building at the specific interval point as shown on the architect's site plan. No owner of a lot within the Affected Property shall significantly increase the finished grade of such lot without the prior written approval of the Resort Company.

4.9 No lot within the Affected Property shall be improved in a manner such that more than 30% of such lot is covered by all building improvements thereon, or that 20% of such lot is covered by all other impervious materials.

4.10 No lodging accommodations shall be permitted in any detached garage built on any lot within the Affected Property.

V. BUILDING GUIDELINES

5.1 All Building Improvements on any lot within the Affected Property must be built strictly in accordance with the provisions of the Design Regulations adopted by the Review Board.

5.2 By acquiring any interest in a lot within the Affected Property, the owner of such lot consents to and accepts the authority of the Review Board to review and approve the plans and specifications for any Building Improvements on such lot in accordance with the Design Regulations in effect from time to time. In particular, such owner recognizes that certain of the judgments which will be made by the Review Board are subjective in nature, and such owner agrees not to contest such subjective judgments unless they are made in bad faith or in an arbitrary and capricious manner.

VI. MISCELLANEOUS

6.1 Each provision contained in this Supplemental Declaration which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for the period of 21 years following the death of the survivor of Jack Marshall, Jack Acuff and Robert W. Parker, of Vail, Colorado, and the now living children of said persons, or until this Supplemental Declaration is terminated as hereinafter provided, whichever first occurs. All other provisions contained in this Declaration shall continue and remain in full force and effect until January 1 in the year 2000 A.D., and thereafter for successive periods of 10 years each; unless at least 1 year prior to January 1, 2000 A.D., or at least 1 year prior to the expiration of any such 10 year period of extended duration, this Supplemental Declaration is terminated by recorded instrument, directing termination, signed by the Declarant and the Mountain Special Member and the Resort Company upon the Affirmative Vote of a Majority of the Classes (as that term is defined in the Articles of Incorporation of the Resort Company).

6.2 Any provision contained in this Supplemental Declaration may be amended or repealed, upon receiving the written approval of the Resort Company and the Declarant and the affirmative vote of Owners of Sites within Tract I (Block 2) owning at least one-half of the Sites within Tract I (Block 2). Such amendment or repeal shall be evidenced by the recording of a written instrument or instruments specifying the amendment or the repeal, executed by at least the required number of Owners, and by the Declarant and the Resort Company.

6.3 Each provision of this Supplemental Declaration, and a promise, covenant and undertaking to comply with each such provision, (i) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any of the Affected Property is granted, devised or conveyed, (ii) shall by virtue of acceptance of any right, title or interest in any of the Affected Property by an Owner, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner and shall be binding on such Owner or his respective heirs, personal representatives, successors or assigns, to, with and for the benefit of the Resort Company and the Declarant, and (iii) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title

to all of such Owner's right, title and interest to any of the Affected Property, which lien shall be deemed a lien in favor of the Resort Company and Declarant, jointly and severally, as their respective interests may appear.

6.4 Each provision of this Supplemental Declaration with respect to an Owner shall be enforced by Declarant or the Resort Company by a proceeding for prohibitive or mandatory injunction or by a suit or action to recover damages or, in the discretion of the Resort Company, for so long as such Owner fails to comply with any of such provisions by exclusion of such Owner and such Owner's Lessees and Guests from use of any Facility and from enjoyment of any Function. If court proceedings are instituted in connection with the rights of enforcement or remedies provided in this Supplemental Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees.

6.5 No violation or breach of, or failure to comply with any provision of this Supplemental Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property 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 of recording in said office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply; nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser on foreclosure shall, however, take subject to this Supplemental Declaration with the exception of violations or breaches of, or failures to comply with, any provisions of this Supplemental Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

6.6 Neither Declarant, the Resort Company, the Review Board, the Board of Directors of the Resort Company nor any member, agent or employee of any of the same shall be liable to any party for any action

or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

6.7 Except as otherwise provided herein, this Supplemental Declaration shall be binding upon and shall inure to the benefit of Declarant, the Resort Company and each Owner and the respective heirs, personal representatives, successors and assigns of each.

6.8 Invalidity or unenforceability of any provision of this Supplemental Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Supplemental Declaration.

6.9 When necessary for proper construction, the masculine of any word used in this Supplemental Declaration shall include the feminine or neuter gender, and the singular, the plural, and vice versa.

6.10 Failure to enforce any provision of this Supplemental Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

IN WITNESS WHEREOF, the undersigned have executed this Supplemental Declaration the 23rd day of June, 1981.

ATTEST: VAIL ASSOCIATES, INC.
a Colorado corporation
/s/ Jean A. Dennison By: /s/ Jack Marshall
Assistant Secretary President

ATTEST: BEAVER CREEK RESORT COMPANY,
a Colorado non-profit corporation
/s/ John S. Gee By: /s/ Brian W. Rapp
Secretary President

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this 23rd day of June, 1981 by Jack Marshall as _____ President and Jean A. Dennison as Assistant Secretary of VAIL ASSOCIATES, INC., a Colorado corporation, on behalf of such corporation.

Witness my hand and official seal.

/s/ Roxanne J. Belmont
Notary Public

My commission expires: January 21, 1984.

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this 23rd day of June, 1981, by Brian W. Rapp as _____ President and John S. Gee as _____ Secretary of BEAVER CREEK RESORT COMPANY, a Colorado non-profit corporation, on behalf of such corporation.

Witness my hand and official seal.

/s/ Roxanne J. Belmont
Notary Public

My commission expires: January 21, 1984.