

**DISCLOSURE STATEMENT
FOR
GRAND SUMMIT RESORT HOTEL AT STEAMBOAT**

1. Developer. The name and address of the Developer (hereinafter "Seller") is Grand Summit Resort Properties, Inc., a Maine corporation, 2300 Mt. Werner Circle, Steamboat Springs, Colorado 80487.
2. Location of Hotel. The Steamboat Grand Resort Hotel Condominium (the "Project") is located at the base of the northern and western edges of the knoll along Mt. Werner Circle, Steamboat Springs, Colorado.
3. Amenities. Amenities include a reception lobby, members' lounge and library, a health club, outdoor swimming pool, a jogging path, amphitheater, and slopeside owners' clubhouse with ski, snowboard, and boot check services. The ownership of a Quarter Share Estate includes the right to use the recreational facilities pursuant to a Recreational Facilities License Agreement between the Owners Association and Seller, which is the owner of the Commercial Unit of which the amenities are a part. The ownership of a Quarter Share Estate includes the right to use the slopeside owners' club pursuant to a long-term lease between the Association and the Seller, which holds a long term lease for the owners' club premises. Select owners of Quarter Share Estates may purchase an estate in a golf unit, with an appurtenant right to membership in the Sheraton Golf Course and related golf club facilities. Such owners will be responsible for annual membership fees, seasonal greens fees, personal and incidental charges, and golf club members' assessments as set and imposed by management of the Sheraton Golf Course. An underground parking garage is also included as part of the Project. The Owners Association has purchased the parking garage from the Seller, with payment amortized by the Association over 20 years. All amenities are complete.
4. Special Districts. To Seller's knowledge, there are no special districts existing or proposed to which the Purchaser may be subject other than as disclosed in the Purchase Agreement. To Seller's knowledge, no special district has defaulted on any obligation or has filed for bankruptcy and no such actions are pending. Seller is not in default on any obligation or payment to any special district. Seller is responsible for paying any special district fees and taxes prior to closing.
5. No Judgments. No judgments or administrative orders that are material to the Project have been issued against Seller, the Association, or the managing entity.

6. Licensed Brokers. All sales within Colorado shall be made by brokers and salespersons licensed by the State of Colorado unless specifically exempted pursuant to C.R.S. § 12-61-101(4).

7. Access and Utilities. Legal access to the Project is by public streets. Water and sewer, gas, electricity, telephone and cable are complete and available at the Project as required by the Purchase Agreement. Except for telephone service, these services are not separately metered for each Unit. The cost of these services is an overall expense of the Association and each Purchaser pays a portion of the cost as part of the annual assessment. The Project has a new central heating and cooling system for all Units with an individual control device for each Unit.

8. Common Interest Community. The Project is a common interest community pursuant to Article 33.3, Title 38, Colorado Revised Statutes.

9. Fees. The fees for 2004-2005 that will be the responsibility of the Purchaser are attached to this Disclosure Statement as **Exhibit A**. Seller in every contract for sale shall provide to the Purchaser the written statement of assessments pursuant to C.R.S. § 38-33.3-316(8). These fees pay for the management and operation of all Project facilities and amenities, the management and operation of which are the responsibilities of the Association. The Seller is responsible for paying fees on Quarter Share Estates it owns. The 2004-2005 annual budget for the Association is attached to this Disclosure Statement as **Exhibit B**. Purchaser's dues and fees may be changed or increased if the cost of upkeep of the Project increases.

10. Control of Association. At this time, the Seller has voting control of the Association. There are two members of the Board who have been elected by the owners other than the Seller and five appointed by the Seller. There is a period of Seller's control of the Association during which Seller (also known as the Declarant) or persons designated by the Declarant may appoint or remove the officers or members of the Executive Board of the Association. The period of Declarant's control commenced upon filing of the Articles of Incorporation of the Association and shall terminate no later than the earlier of 60 days after conveyance of 75% of the Units that may be created to owners other than Declarant or two years after Declarant's last conveyance of a Unit in the ordinary course of business, or two years after any right to add new Units was last exercised. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of that period. Seller shall not have any financial interest in nor will it potentially derive any income or profit from the Association. The Seller does not have a right to borrow or authorize borrowing from the Association. The Executive Board of the Association controls and disburses the funds of the Association.

11. Use. The Project consists of up to four Quarter Share Estates in each Quarter Share Unit. The total number of Quarter Share Estates will never exceed four per Quarter Share Unit unless one or more of such estates is divided into Alternating Quarter Share Estate, which shall divide each Quarter Share Estate into two undivided 50% interests as tenants in common. The maximum number of Purchasers of Alternating Quarter Share Estates in a Quarter Share Unit is eight. Each Purchaser of a Quarter Share Estate is entitled to use the Quarter Share Unit 13 weeks per year upon the rotation schedule established in the Declaration. Purchasers of Alternating Quarter Share Estates shall be entitled to use the weeks within each 13-week Use Period applicable to their common Quarter Share Estate pursuant to the Declaration of Alternating Quarter Share Estate Use Periods.

12. Manager. Steamboat Ski & Resort Corporation, with an office located at 2305 Mt. Werner Circle, Steamboat Springs, Colorado, is the managing entity of the Project. The manager is an affiliate of Seller, both of which are wholly owned subsidiaries of American Skiing Company. The manager provides the services of operating and maintaining the Project on behalf of the Association. The current term of the Management Agreement expires one year after its effective date. The Association also has the right during the initial 12-month period following expiration of Declarant's right to control the Association to terminate the Management Agreement.

13. Reserves. A maintenance reserve fund has been established and is cash funded. There are no outstanding obligations in favor of or against the reserve funds. Seller does not have a right to borrow or to authorize borrowing from this fund. Each Purchaser will receive a periodic accounting from the Association in accordance with the Declaration.

14. Insurance. The Association shall maintain property and casualty insurance on the Project and commercial and general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Project in accordance with Article 9 of the Declaration.

15. Mechanics' Liens. The mechanics' lien law of Colorado may authorize enforcement of a lien by selling the entire Quarter Share Unit.

16. Exchange Program. Resort Condominiums International (RCI) is an exchange company currently based in Indianapolis, Indiana and is independent of Seller. RCI offers an exchange program in which Purchaser may participate, RCI Weeks. RCI's Weeks Program annual membership fee is currently \$89.00 for 2004-2005. The domestic exchange fee for 2004-2005 is currently \$149.00, and the international exchange fee is currently \$189.00 per week. Seller has agreed to pay any initial enrollment fees to join RCI Weeks and will also pay the annual membership dues for the first year of ownership. RCI is an optional exchange program and Purchaser is under no obligation to participate or join the program. Should Purchaser choose to remain a member of RCI Weeks beyond the first year of membership, Purchaser is solely responsible for any and all costs associated with Purchaser's RCI affiliation. Costs of membership and exchanges in RCI are subject to change by RCI.

17. Project. The Project consists initially of 182 Residential Units and approximately 40,000 square feet of ground floor commercial condominium space, and related Common Elements. A second phase of 52 Residential Units is planned but there is no guarantee that the second phase will be built. A reduced copy of the recorded plat and the Supplemental Plats that have been recorded are attached to this Disclosure Statement as **Exhibit C.**

Attachments:

- Exhibit A: 2004-2005 Schedule of Fees
- Exhibit B: 2004-2005 Association Budget
- Exhibit C: Floor Plans