

DECLARATION OF PROTECTIVE COVENANTS

KNOW ALL BY THESE PRESENTS, that, whereas Steamboat Ski and Resort Corporation, a Delaware corporation ("Steamboat") conveyed to Grand Summit Resort Properties, Inc. ("Declarant"), a Maine corporation, certain real estate located in the City of Steamboat, County of Routt, State of Colorado, by deed dated September 3, 1998, and recorded September 28, 1998, in the records of the Routt County Clerk and Recorder in Book 750, Page 1630, the property being more particularly described in **Exhibit A** attached hereto ("the Property"); and whereas Declarant, in consideration of the conveyance of the Property by Steamboat and in conjunction with, but prior to, the recording of the Condominium Declaration, as defined below under applicable provisions of the Colorado Common Interest Ownership Act, has agreed to subject such real estate to certain protective covenants and restrictions as hereinafter set forth, the same being for the benefit of certain land of Steamboat as more particularly described in **Exhibit B** attached hereto (the "Benefited Land"), and to inure to the benefit of and run and pass with the Property, and each and every parcel thereof, and to apply to and bind the successors in interest of each owner of the Property;

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NOW THEREFORE, the Declarant, said Grand Summit Resort Properties, Inc., hereby declares and agrees with Steamboat that the Property is and shall be held, transferred, sold, and conveyed subject to the conditions, restrictions, protective covenants, reservations, rights, charges, and limitations hereinafter set forth:

ARTICLE I. Definition of Terms. As used herein the following terms shall have the following meanings:

- (1) The term "Declarant" means and refers to Grand Summit Resort Properties, Inc., a Maine corporation, its successors and assigns.
- (2) The term "Condominium Declaration" means and refers to the Declaration of Condominium and Plan of Quarter Share Ownership for the Steamboat Grand Resort Hotel Condominium, dated as of September 14, 2000, made by Grand Summit Resort Properties, Inc. as the Declarant named therein, recorded in the records of the Routt County Clerk and Recorder at Book 533317, Page _____, as it may be amended from time to time.
RECEPTION No.
- (3) The term "common elements" shall have the same meaning as ascribed to such term under the Condominium Declaration.
- (4) The term "unit" shall mean and refer to any residential unit in the Condominium, as such term is used and intended in the Condominium Declaration and under the Colorado Common Interest Ownership Act.
- (5) The term "unit owner" shall mean and refer to the owner of record of any unit or quarter share estate in the Condominium; however, such terms shall not be construed to



533316 09/20/2000 09:51A Kay Weinland
2 of 8 R 40.00 D 0.00 Routt County, CO

refer to the mortgagee of any unit or quarter share estate unless such mortgagee shall have acquired title thereto pursuant to appropriate foreclosure proceedings.

(6) The terms "Association", "Bylaws", "Rules and Regulations", and "Executive Board", as used herein shall refer, respectively, to the Steamboat Grand Resort Hotel Condominium Association, Inc., the Bylaws of such Association, the Rules and Regulations to be promulgated by the Executive Board of such Association, and the Executive Board of such Association, all as provided for under the Condominium Declaration and under the Colorado Common Interest Ownership Act.

ARTICLE II. Description of Real Estate. The Property that is and shall be held, conveyed, transferred, and sold subject to the provisions, conditions, restrictions, covenants, reservations, charges, and limitations of this Declaration of Protective Covenants is the real property, located in the City of Steamboat Springs, Count of Routt, State of Colorado, more particularly described in Exhibit A attached hereto and made a part hereof.

ARTICLE III. Protective Covenants and Restrictions. The following protective covenants, restrictions, limitations, and provisions shall apply to the Property, namely:

(1) Subdivision. The Property shall not be subdivided further by the owner or owners thereof, except with the express written consent of Steamboat, its successors or assigns; provided, however, that this restriction shall not be construed to affect or limit the creation of the Condominium in accordance with the Condominium Declaration, the exercise by the Declarant of any and all development rights in accordance with the Condominium Declaration, or the conveyance of units or quarter share estates in the Condominium by the Declarant, its successors or assigns or by unit owners, nor to limit the applicability of the Colorado Common Interest Ownership Act to such property.

(2) Use of Buildings. No building shall be erected, altered, or placed or permitted to remain on the Property except as constructed and/or approved by Steamboat, except in connection with the exercise by the Declarant of any Development Rights reserved to the Declarant in the Condominium Declaration. Steamboat acknowledges that it has approved the improvements constructed or to be constructed on the Property as of the date of this Declaration as shown in the Condominium Declaration. No living unit shall be used for any commercial purposes except as may be provided in the Condominium Declaration, provided that temporary rental of units on terms consistent with applicable Rules and Regulations of the Association or commercial uses of any building used in the management of the Condominium shall not be deemed to be a commercial use of the units.

(3) Temporary Structures. No structure of a temporary nature, partial structure, basement, foundation, garage, trailer, mobile home, or other outbuilding or structure shall be erected, parked, maintained, or used on the real property without the written consent of Steamboat, except in connection with the exercise by the Declarant of any Development Rights reserved to the Declarant in the Condominium Declaration.



533316 09/20/2000 09:51A Kay Weinland
3 of 8 R 40.00 D 0.00 Routt County, CO

(4) Nuisances. No noxious or offensive activity shall be carried on or permitted in any unit or upon the common elements, nor shall any action or use that would reasonably constitute an annoyance or nuisance to the owners of units in the Condominium be permitted on the property, including without limiting the generality of the foregoing:

(a) No trailers, campers, mobile homes, clothesline poles, inoperable automobiles, tents, or other uses that are inconsistent with the purposes and intent of this Article, or of the reasonable use and enjoyment by the owners of the Property, shall be erected, maintained, used, parked, or otherwise located on any portion of the common elements, except in connection with the exercise by the Declarant of any Development Rights reserved to the Declarant in the Condominium Declaration.

(b) No livestock or poultry of any kind shall be bred, maintained, or kept on the Property or in any unit in the Condominium; provided, however, that small domestic pets may be permitted on the Property under reasonable control of the owner, so long as not allowed to become a nuisance to others.

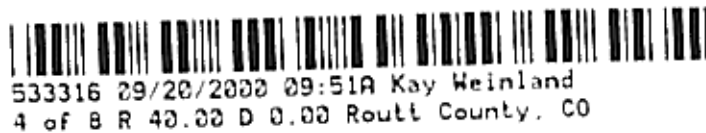
(c) Trash and garbage or other waste shall not be permitted on the Property except in concealed, covered sanitary containers.

(5) Mining Operations. No quarrying or mining operations of any kind shall be permitted upon the Property.

(6) Cutting of Trees. No coniferous or deciduous tree of any kind located upon the Property shall be cut without the prior written consent of Steamboat except in connection with the exercise by the Declarant of any Development Rights reserved to the Declarant in the Condominium Declaration.

(7) Maintenance of Exterior of Buildings and Grounds. Steamboat, its successors or assigns shall have the right to notify the Association of any failure on the part of the Association to properly maintain and repair all buildings and grounds on the Property, including without limitation failure on the part of the Association to paint, stain, properly replace, and maintain roofs, gutters, exterior surfaces of buildings, windows, doors, sliding glass doors, trees, shrubs, grass, walkways, parking areas, and other exterior improvements. If any of such repairs and maintenance are not made reasonably promptly by the Association after written notice thereof from Steamboat, then Steamboat shall have a right of entry upon the Property during reasonable hours, for the purpose of taking such remedial action as appears necessary or appropriate, and in such event, the Association shall be liable for any expenses thereby incurred by Steamboat. Such right of entry, after the giving of such notice and the failure on the part of the Association to act thereon, shall not be deemed to include a right of entry of Steamboat to the interior of any residential unit, except with the consent of the owner thereof.

(8) Use of Units or Common Elements. Units or common elements may be used as sales offices or for other commercial uses as permitted in the Condominium Declaration.



ARTICLE IV. General Provisions. The following additional provisions shall apply to this Declaration of Protective Covenants, namely:

- (1) Duration. This Declaration of Protective Covenants shall inure to the benefit of the owner or owners of the Property, the owners of units or quarter share estates in the Condominium, to the benefit of the Benefited Parcel, and of Steamboat, its successors and assigns as owners of the Benefited Parcel and shall be enforceable by Steamboat, by any owner of the Benefited Parcel, or by any owner of the Property or any portion of the Condominium and the legal representatives, successors and assigns of Steamboat, or of the Declarant, or of any such owner, for a term of thirty (30) years from the date of the recording of this Declaration of Protective Covenants, after which time said covenants, restrictions, and limitations shall be deemed automatically extended for successive periods of ten (10) years each, unless prior to the expiration of any such period an instrument signed by the then owners of record of not less than two-thirds of the units in the Condominium and by the Declarant, if the Declarant then holds any Development Rights with respect to the Condominium, shall have been recorded, agreeing to a modification of this Declaration in whole or in part; provided, however, that no such modification shall become effective unless made and recorded not less than three (3) years in advance of the effective date of such change, nor unless written notice of such proposed modification has been sent to every such owner and to Steamboat, its successors or assigns not less than ninety (90) days in advance of the proposed action to be taken.
- (2) Enforcement. Enforcement of this Declaration of Protective Covenants shall be made by any appropriate proceeding at law or in equity against any person violating attempting to violate any covenant, restriction, or limitation provided for herein, and failure on the part of Steamboat, the Declarant, its successors or assigns, or any unit owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.
- (3) Severability. If any of the covenants, restrictions, or limitations of this declaration shall be held to be invalid for any reason by judgment of any court, such invalidation shall not affect any other provision hereof, which shall remain in full force and effect.
- (4) Application of Protective Covenants. Steamboat expressly reserves and excludes the Benefited Parcel and any other real estate now or hereafter owned by Steamboat from the burden, operation or effect of any of the covenants, conditions, restrictions, or reservations of this Declaration of Protective Covenants, other than the rights of enforcement hereby expressly reserved to the Benefited Parcel, and expressly provides hereby that the legal doctrine of "reciprocal negative easements," or any variation thereof, shall not be applicable with respect to the remaining land so owned by Steamboat. Nothing contained in this Paragraph (4) of Article IV of this Declaration, however, shall be deemed to affect or limit the application of this Declaration to any real estate which may hereafter be added to and become a part of the Condominium.



533316 09/20/2000 09:51A Kay Weinland
5 of 8 R 40.00 D 0.00 Routt County, CO

IN WITNESS WHEREOF, Grand Summit Resort Properties, Inc. and Steamboat Ski and Resort Corporation have caused this Declaration of Protective Covenants to be executed by their duly authorized officers at Steamboat Springs, CO this 14th day of September, 2000.

GRAND SUMMIT RESORT PROPERTIES, INC.

Timothy H. Greene
By: Timothy H. Greene
Its Vice President Real Estate

STEAMBOAT SKI AND RESORT CORPORATION

Robert C. Kuusinen
By: Robert C. Kuusinen
Its Vice President Mountain Operations

STATE OF COLORADO
County of Routt, ss.

On this 14th day of September, 2000, personally appeared the above-named Robert C. Kuusinen, Vice Pres. * of Steamboat Ski and Resort Corporation, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said Steamboat Ski & Resort Corporation.
*Mountain Operations



Paula Hays
Notary Public

Printed Name: Paula Hays

My commission expires 5/16/03

On this 14th day of September, 2000, personally appeared the above-named Timothy H. Greene, Vice Pres. * of Grand Summit Resort Properties, Inc., and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said Grand Summit Resort Properties, Inc.
*Real Estate



Paula Hays
Notary Public

Printed Name: Paula Hays

My commission expires 5/16/03



533316 09/23/2000 09:51A Kay Weinland
6 of 3 R 40.00 D 0.00 Routt County, CO

LIMITED JOINDER OF MORTGAGEE

The undersigned, Textron Financial Corporation, a Delaware corporation with a principal place of business at 333 East River Drive, East Hartford, Connecticut 06108 (the "Administrative Agent"), in its capacity as administrative agent under that certain Loan and Security Agreement dated as of September 1, 1998, among Grand Summit Resort Properties, Inc., a Maine corporation with a principal place of business at One Parkway, PO Box 450, Bethel, Maine 04217 ("Grand Summit") and the lenders that are parties thereto, is the holder (on behalf of aforesaid lenders) of a certain Combination Deed of Trust, Security Agreement, and Fixture Financing Statement (Steamboat) given by Grand Summit, dated as of September 1, 1998, and recorded in the records of Routt County, Colorado in Book 750, Page 1631 (as amended from time to time, the "Deed of Trust"). The Administrative Agent, on behalf of aforesaid lenders, hereby joins with the Grand Summit in subjecting the Property, as described in the foregoing Declaration of Protective Covenants, to the provisions, conditions, restrictions, covenants, reservations, charges, and limitations of the foregoing Declaration of Protective Covenants for the sole and limited purpose of evidencing its consent as mortgage holder to said submission, PROVIDED, that such joinder and consent shall not be construed to make the Administrative Agent, its successors and assigns, the Declarant or to impose on it any of the obligations or liabilities of the Declarant.

The undersigned hereby agrees that its security interest under the aforesaid Deed of Trust shall be subject to the provisions of the foregoing Declaration of Protective Covenants.

IN WITNESS WHEREOF, the said Textron Financial Corporation has caused this instrument to be executed this 13 day of September, 2000.

TEXTRON FINANCIAL CORPORATION,
Administrative Agent

David F. Brede
By: *David F. Brede*
Its *Vice President*

STATE OF CONNECTICUT
COUNTY OF HARTFORD, ss.

The foregoing instrument was acknowledged before me this 13 day of September, 2000, by DAVID BREDE, the Vice President of Textron Financial Corporation, a Delaware corporation, on behalf of said corporation.

Mary F. Ritlinger
Notary Public
My Commission Expires:
MARY F. RITLINGER
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2004



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533316 09/20/2000 09:51A Kay Weinland
7 of 8 R 40.00 D 0.00 Routt County, CO

EXHIBIT A

Attached to and forming a part of
Declaration of Protective Covenants

THE PROPERTY

Lot 1, THE KNOLL, according to the plat thereof recorded September 3, 1998, at
Reception No. 498312 in Book 750 at Page 224 and filed at File No. 12587, County of
Routt, State of Colorado.

EXHIBIT B

Attached to and forming a part of
Declaration of Protective Covenants

THE BENEFITED PARCEL

Parcel D, Ski Hill Subdivision, filed at File No. 8823, County of Routt, State of
Colorado.



533310 09/20/2000 09:51A Kay Weinland
8 of 8 R 40.00 D 0.00 Routt County, CO