

DISCLOSURE STATEMENT FOR
GRAND TIMBER LODGE BRECKENRIDGE, COLORADO

For Buildings 1-8

Updated: December 2008

THE ENCLOSED INFORMATION IS PRESENTED IN COMPLIANCE WITH RULES S-23 AND S-24 OF THE COLORADO REAL ESTATE COMMISSION. THE STATE OF COLORADO HAS NOT PREPARED OR ISSUED THIS DOCUMENT NOR HAS IT PASSED ON THE MERITS OF THE SUBDIVISION DESCRIBED HEREIN.

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A. INTRODUCTION

1. This Disclosure Statement includes information which we must provide you under Colorado law. In this Disclosure Statement, "Grand Timber," "Subdivider," "Declarant," "Developer," "GTDC," "we" or "our" means Grand Timber Development Company, unless otherwise stated. "You" means a potential buyer of a "Vacation Estate" at Grand Timber Lodge.

2. This Disclosure Statement includes narrative portions and a number of exhibits. The exhibits include legal documents which are required for the creation and operation of Grand Timber Lodge, a condominium, creation of undivided interests of fee simple ownership in particular condominium units with owner use limited for durations of one week and multiples thereof in different types of condominium units, a form of "Vacation Estate" and other documents affecting the condominium and sale of units and management thereof.

3. This Disclosure Statement is only a summary. If you are considering purchasing a Vacation Estate at Grand Timber Lodge, you should read not only this Disclosure Statement, but also read carefully all legal documents attached as exhibits and investigate any matters which you deem important or appropriate.

4. Grand Timber Lodge is a planned Vacation Ownership Resort of eight buildings with 160 condominium units and two whole ownership units. Amenities available in these units are discussed below.

5. The undivided interests in the units will be sold in 1/52nd undivided interests with use restricted to one week per such interest. An alternating Vacation Estate will also be offered in some or all of the units. An alternating Vacation Estate is basically an every other year use of one such one week use. The "E" distinction in a legal description indicates the use of all even numbered years and the "O" distinction indicates use of the odd numbered years. For the definition of alternating Vacation Estates see the enclosed Condominium Declaration and Plan of Vacation Ownership for Grand Timber Lodge (the "Declaration"). The length of interest being offered is a Seven Consecutive Day period beginning 4:00 p.m. Friday, Saturday or Sunday until 10:00 a.m. the following Friday,

Saturday or Sunday. The time share periods or use of property is defined in Article 22, Section 22.2 of the attached Declaration and basically says that Vacation Week 1 is the 7 consecutive days commencing on the first Saturday or Sunday of each calendar year. Vacation Week 2 is the seven day period next succeeding in each such year and so forth up to Vacation Week 52.

B. DEVELOPER INFORMATION; LOCATION OF UNITS

1. The Developer of Grand Timber Lodge is Gold Point Lodging & Realty, Inc., a Colorado corporation d/b/a Grand Timber Development Company. The Developer has its primary place of business at the offices of Michael C. Millisor and Robert A. Millisor in Breckenridge, Colorado. It maintains its sales and administrative offices at Grand Timber Lodge Sales Center, 100 Main Street, Breckenridge, Colorado 80424.
2. Grand Timber Lodge is located at 75 Snowflake Drive, Breckenridge, Colorado.

C. TYPE OF OWNERSHIP & OCCUPANCY RIGHTS OFFERED

1. The undivided interests in fee simple of the particular condominium units being offered are "interval estates" as that term is defined in Colorado Revised Statutes ("C.R.S.") 38-33-110(1)(a). An interval estate means a combination of the following two elements:
 - (a) An estate for years terminating on a date certain, during which years title to a time share unit circulates among the interval owners in accordance with a fixed schedule, vesting in each such interval owner in turn for a period of time established by the said schedule, with the series thus established recurring annually until the arrival of the date certain; and
 - (b) A vested future interest in the same unit, consisting of an undivided interest in the remainder in fee simple, the magnitude of the future interest having been established by the time of the creation of the Interval Estate either by the project instruments or by the deed conveying the Interval Estate. The estate for years shall not be deemed to merge with the future interest, but neither the estate for years nor the future interest shall be conveyed or encumbered separately from the other.
2. Interval estates are referred to in this Disclosure Statement, as well as by sales personnel directly making offers to prospective purchasers, as Vacation Estates and are referred to as weeks, meaning undivided interests, possession of which are limited to particular weeks in a given year.
3. The Documents which create the Vacation Estates is the Condominium Declaration which is attached hereto as Exhibit 1.
4. According to the Condominium Declaration, Article 22, the Vacation Estate that you are purchasing will terminate on the first Friday of the year 2080. This means that in the

year 2080 you, the purchaser or your heirs, will own an undivided interest in the condominium unit that you are purchasing along with the other owners of the unit as tenants in common. Of course, you along with the other owners may decide to renew the Vacation Estates for a new period of time prior to the termination date. The reason that the Vacation Estate must terminate on a certain date is because by definition the Colorado Statute requires it. However, after termination, you and/or your heirs will still own a 1/52nd interest as a tenant in common for each week that you own in the same unit as you are purchasing regardless of what happens.

D. AMENITIES, ACCOMMODATIONS AND COMMON ELEMENTS

1. The Condominium Units. Units 101, 121, 122, 123, 124, 132, 134, 211, 212, 214, 215, 216, 221, 222, 224, 225, 226, 231, 232, 411, 412, 413, 416, 421, 422, 423, 426, 431, 432, 433, 434, 311, 312, 313, 315, 321, 322, 323, 324, 325, 326, 331, 333, 334, 335, 5101, 5104, 5105, 5106, 5107, 5108, 5109, 5110, 5201, 5202, 5204, 5206, 5207, 5208, 5209, 5210, 5211, 5212, 5301, 5303, 5304, 6101, 6102, 6103, 6106, 6107, 6108, 6201, 6202, 6203, 6206, 6207, 6208, 6301, 6302, 6105, 6106, 6108, 711, 712, 713, 714, 715, 716, 717, 718, 721, 722, 723, 724, 725, 726, 727, 728, 731, 732, 733, 734, 735, 736, 737, 738, 811, 812, 813, 815, 816, 817, 818, 819, 821, 822, 823, 825, 826, 827, 828, 829, 831, 832, 833, 835, 836, 837, 838, 839 are two bedroom lock-off units. These Units may be used as two bedroom, two bathroom Units or may be locked off into one bedroom units and one studio or efficiency unit. Units 131, 133, 213, 223, 414, 415, 424, 425, 314, 332, 5102, 5103, 5111, 5203, 5205, 5213, 5305, 6104, 6105, 6109, 6204, 6205, 6209, 6210, 6303, 6304, and 6307 have three bedrooms and three full bathrooms and may be locked off into two one bedroom units or one two bedroom unit and one studio or efficiency unit. Floor plans of the Units have been enclosed as Exhibit 8.

2. Amenities On Site. The amenities include: 2 ski-in/ski-out trails to lifts, 2 swimming pools, 1 indoor kiddie pool, 4 outdoor hot tubs, 2 indoor hot tubs, a water feature playground, a standard playground, Grand Victorian Day Spa and Salon featuring 4 treatment rooms, the Lodgepole Bar & Grill, athletic facility with aerobic machines and weights, exercise mezzanine with yoga, Pilates and spinning classes, sauna, steam room, video arcade, the Lodgepole General Store, ski concierge with ski rentals, tuning and storage, board room, business center, great room with overstuffed couches and chairs, big screen TV and billiards table, 2 courtyards, barbecue grills, day use locker rooms and day use lunch room.

3. Common Elements. Grand Timber Lodge has both General and Limited Commons Elements. With respect to each purchaser's ownership interest in the Common Elements, the ownership is limited to the percent of ownership each Owner has in a particular Unit. To read more about the Common Elements see the enclosed exhibit 1: Declaration Article 7.

E. UTILITIES, LEGAL ACCESS & ZONING

The Units described herein have direct legal access to Snowflake Road which is a Town of Breckenridge road held and maintained by the Town. The driveway at Grand Timber Lodge is maintained, including snow removal, by the Association pursuant to an easement with adjacent Lot 2A. Legal access within Grand Timber Lodge is by easement granted on the recorded plat. Satellite TV is provided via cable system owned by the Association. The sewage service is provided and maintained by and uses the facilities of the Breckenridge Sanitation District. The water service is maintained by and uses the facilities of the Town of Breckenridge water system. Electricity and natural gas are provided to the Project by Xcel Energy of Colorado. Telephone facilities are provided in each Unit by a P.B.X. phone system owned and operated by the Association. The actual telephone lines to the project have been provided by Qwest. These services are provided by the Association and are part of the annual maintenance fee. Grand Timber Lodge is in Land Use District 22, Town of Breckenridge. Developer has met all zoning, fire and building requirements with regard to the structures existing, including the Units included in this subdivision. The Project has a new hot water baseboard central heating system. The project does not have a central air conditioning system.

F. DESCRIPTION OF UNITS DESIGNATED FOR VACATION ESTATE OWNERSHIP

1. All one hundred and sixty (160) of the Units constructed have been designated by the Developer for subdivision into Vacation Estates.
2. The Developer reserves the right to change such designation from time to time prior to the sale of a given Unit.

G. JUDGMENTS & ADMINISTRATIVE ORDERS

Neither Grand Timber Lodge, the managing entity, or the Association, nor any of its officers, directors or shareholders is subject to any judgments or administrative orders in connection with Grand Timber Lodge or otherwise.

H. THE ASSOCIATION

Grand Timber Lodge is a common interest community. As a Vacation Owner, your membership in the Grand Timber Lodge Owners Association (the "Association") is mandatory and you are obligated to pay its dues and abide by its bylaws and any rules or regulations it may impose through its Board of Directors. The budget for the Association expires at its fiscal year end of August 31. The estimated annual fees for fiscal year 2009, which is September 1, 2008 to August 31, 2009 are \$1,013.24 per Vacation Estate in a 3 bedroom Unit, \$682.95 per Vacation Estate in a 2 bedroom Unit. Please refer to the attached Exhibit 5, the Association Budget. Developer pays the same Association fees for each Vacation Estate that it owns. The Association operates and maintains Grand Timber Lodge. For a complete description of the services provided by the Association, please

refer to the attached Exhibit 1: Declaration. GTDC, as the Declarant according to the Declaration, will have a period of control of the Association. Please read Article XI11, Section 8.6 of the Declaration for a full description of such period of control. Basically, GTDC shall have the power to appoint and remove members of the Board and Officers of the Association as permitted by section 38-33.3-303 of the Colorado Revised Statutes. This period of Declarant control terminated upon conveyance of 75% of the Units to Unit Owners. The current Board of the Association is Robert A. Millisor, Marty Leeke, Lew Phinney, Gerrit Mahsman and Marc Block.

GTDC, as the Declarant, does not make a profit from the Association and cannot borrow money from the Association. However, while Peak Resorts Management, LLC, a wholly owned subsidiary of GTDC, does manage the Association for a profit, it cannot borrow money from the Association in this capacity either. According to the Association bylaws attached, only an officer of the Association may sign checks or otherwise disburse funds of the Association, thus, Michael A. Dudick and Robert A. Millisor do sign checks on behalf of the Association. Please see the Management Agreement for further details concerning the management and control of the Owners Association. The seller (developer), in every contract for sale, shall provide to you, the purchaser, the written "statement of assessments" pursuant to 38-33.3-316(8) C.R.S.

I. MANAGEMENT ENTITY

The Association is under contract with Peak Resorts Management, LLC, a Colorado limited liability company, to provide reservation and management services. Its office is currently located at Grand Timber Lodge, 75 Snowflake Drive, Breckenridge, Colorado 80424.

Michael C. Millisor and Robert A. Millisor are involved in full time operation of the business and supervise its day-to-day activities. The management company is operated for profit. It is therefore expected that Peaks Resorts Management, LLC will receive a profit in connection with property management services to be provided to the Association. The Management Company is a wholly owned subsidiary by Gold Point Lodging & Realty, Inc., the Subdivider and Seller. The Management Agreement is attached as Exhibit 4. The initial term of the Management Agreement is 3 years subject to renewal and termination for cause by the Association.

J. RESERVES

1. General. The budget includes maintenance reserve funds to cover costs of repainting the building, replacement of furniture, carpeting, appliances and accessories, roof repair and driveway and parking maintenance. These reserve funds have been established and are funded with cash from the proceeds of payments by owners of assessments. There are currently no outstanding obligations in favor or against the reserve funds. Developer has no right to borrow or to authorize the borrowing against or from such fund.

The Association fees can be increased or decreased from time to time pursuant to Article X of the Declaration. The Association maintains an ongoing reserve analysis for each of the reserve accounts. If the entire Project is not built, the annual assessments will increase.

The Association conducts an annual audit of its books and reserve accounts by an independent outside accounting firm. Any audit will be available at the offices of the Association for the review of all owners or prospective owners.

K. INSURANCE COVERAGE

The Association maintains liability and casualty insurance as provided in Article 17 of the Declaration.

L. MECHANICS LIENS

The property is not encumbered by claims of mechanics lien. All construction or other lienable work will be completed prior to conveyance of the Vacation Estates. Future work giving rise to claims of mechanics liens could result in foreclosure and sale of the entire Unit if not timely paid.

M. SPECIAL ASSESSMENTS

The Vacation Estate will not be subject to any special assessments after the closing which have been assessed as at the date hereof or prior to the closing. There are no special districts proposed to which a purchaser may be subject.

N. SALES BY QUALIFIED BROKERS

All sales of Vacation Estates at Grand Timber Lodge in Colorado will be effected by brokers and salesmen licensed by the State of Colorado unless specifically exempted pursuant to C.R.S. 12-61-101(4). Vacation Estates at Grand Timber Lodge are currently offered under an exclusive right to sell listing with Gold Point Lodging and Realty Inc., d/b/a Grand Timber Development Company, Michael C. Millisor, Broker, 100 S. Main Street, 2nd Fl., P.O. Box 6879, Breckenridge, Colorado 80424.

O. EXCHANGE PRIVILEGES.

The Project has been registered for exchange privileges with Interval International, Miami, Florida. Each purchaser of a Vacation Estate desiring to be a member of the exchange program must separately contract with Interval International. The present cost of such annual membership is \$84.00 and the Developer will pay for the first year's membership in the program on behalf of each Purchaser at closing as part of Grand Timber Lodge Club Membership only.

A purchaser's participation in the exchange program is dependent upon the Association's continuing affiliation with Interval International.

A copy of the exchange program membership application and terms and conditions of membership and exchange as well as the Buyer's Guide to the Interval International Exchange Program are appended hereto as Exhibits 6 and 7 and should be read carefully by prospective purchasers who desire to utilize the exchange program. Participation in the program is entirely voluntary.

P. EXPANSION AND DEVELOPMENT RIGHTS

The Developer has the right to enlarge and supplement the Project pursuant to Article 16 of the Declaration. This right to expand will expire 30 years from the recording of the Declaration.

Q. RESALE OF PROPERTY

As a Vacation Owner at Grand Timber Lodge, you may choose to sell your week or weeks sometime. While you may sell your property to another person, Developer has not guaranteed you that your week or weeks has increased in value. The primary reason for purchasing your time at Grand Timber Lodge should be to use and enjoy the property either at Grand Timber Lodge or through the exchange program. If you choose to sell your week(s), you may transfer your club member benefits to buyer only if you purchased your week directly from Grand Timber Lodge and the buyer has not previously toured Grand Timber Lodge. If you toured Grand Timber Lodge but made your purchase of timeshare at Grand Timber Lodge through a resale program, club member benefits are not transferable. Developer does not at this time actively engage in a resale program. NOTHING HEREIN CONSTITUTES A GUARANTEE THAT DEVELOPER WILL HELP YOU SELL YOUR WEEK OR WEEKS IF YOU DECIDE TO SELL AT A FUTURE TIME.

R. BONUS TIME PROGRAM

As part of the club membership benefits, owners are able to utilize additional time at Grand Timber Lodge above and beyond the week that they own on a space available basis. Owners should be aware that bonus time is much more available during the weekdays and off-peak periods.

S. IN-TOWN BRECKENRIDGE RESIDENCY STATUS

The Town of Breckenridge offers discounts at various facilities to residents of the Town of Breckenridge. These benefits currently include discounts at the Town owned Recreation Center, Ice Rink and Golf Course. Discounts provided to Breckenridge residents may, from time to time, change or may be discontinued. Purchasers of Vacation Estates at Grand Timber Lodge are not eligible for such discounts; however, Declarant

may, at its discretion, designate one Grand Timber Lodge owner per unit as a Town of Breckenridge resident eligible for such discounts.

T. RENTAL OF YOUR UNIT

As a new purchaser at Grand Timber Lodge, it has been explained to you that your purchase has been primarily made for use and the vacation enjoyment of your family.

However, you do have an option of renting your time at Grand Timber to a third party. You may rent this time yourself or you may retain the services of a rental management company. The Declarant, through Peak Resorts Management, offers rental services to Grand Timber Lodge owners. Should you choose to retain Peak Resorts Management to rent your week, you will need to execute a rental management agreement. No guarantee has been made to you that your week will rent, or for how much money it will rent. At the present time, Peak Resorts Management charges a forty (40%) percent rental management fee of the gross rental dollars collected.