

COPY

GONDOLA SQUARE CONDOMINIUMS MANAGEMENT AGREEMENT

THIS AGREEMENT is made January 17, 2007, by and between **GONDOLA SQUARE CONDOMINIUMS OWNERS ASSOCIATION**, a Colorado nonprofit corporation (hereinafter called the "Association") and **STEAMBOAT SKI & RESORT CORPORATION**, a Delaware corporation (hereinafter called "Manager").

WITNESSETH

In order to insure proper management of the condominium property known as the Gondola Square Condominiums, located in Steamboat Springs, Routt County, Colorado (hereinafter referred to as the "Condominium" or the "Project"), and in consideration of the terms, conditions, covenants and agreements hereinafter set forth, the parties hereto mutually agree as follows:

1. MANAGER'S APPOINTMENT.

A. The Association hereby appoints the Manager, and the Manager hereby accepts appointment, on the terms and conditions hereinafter provided as exclusive management agent for the Condominium.

B. Manager fully understands the governing role of the condominium documents, and that the function of the Association through its duly elected Board is the operation and management of the Condominium, and Manager agrees, notwithstanding the authority given to the Manager in this Agreement, to confer fully and freely with the Association in the performance of its duties as herein set forth and to attend meetings of the owners of condominium units at the Project and the Association's Board of Directors (the "Board") at any time requested by the Board.

2. MANAGER'S DUTIES.

Manager shall have the exclusive responsibility for the management, operation and maintenance of the Condominium, subject to the condominium documents and pursuant to the direction of the Board through the Association's approved annual budget and otherwise, except with respect to the rental management and maintenance of condominium units at the Project ("Units"), which will be covered under separate agreements, if any. Manager's duties shall include, but are not limited to, the following:

A. Manager shall maintain the grounds, exterior of the buildings and the other general common elements at the Project, as defined in Condominium Declaration for the Gondola Square Condominiums (the "Declaration"), in a neat, clean and safe condition and in a manner consistent with the standards imposed by the Board to ensure the Project remains a first-class Project. Manager shall also maintain limited common elements at the Project to the extent such maintenance is the Association's responsibility under the Declaration. In this connection,

Manager shall keep appropriate records of all expenditures for maintenance and repairs of limited common elements. Each Unit owner shall be responsible for maintaining in a clean condition the limited common elements exclusively assigned to their particular Unit, including patios, balconies, terraces and storage areas, as applicable.

B. Manager shall use its best efforts to collect from the Unit owners, on behalf and as agent for the Association, all assessments for common expenses and other amounts payable by Unit owners to the Association. Manager shall establish an Association fund (the "Fund") out of which disbursements required in connection with the management, operation and maintenance of the Project, in accordance with this Agreement, shall be made. The Fund shall be administered through a special bank account to be established in a federally insured bank in Steamboat Springs, Colorado, approved by the Board. Manager shall not commingle other monies with the monies in the Fund. Assessments for common expenses (including the Management Fee) will be collected in advance from the Unit owners based upon the Association's operating budget and any revisions thereof approved by the Association. All advance assessments and Management Fees deposited with the Association pursuant to any sale contract for any Unit shall be paid immediately to Manager for deposit. Manager shall request, demand, collect, receive and receipt for any and all assessments for common expenses and other amounts, which may at any time be or become due, and shall take such action in the name of the Association or in Manager's own name by way of legal process or otherwise as may be required or appropriate for the collection of such assessments and charges from the members of the Association. Manager may pursue every available non-judicial legally permitted remedy to collect delinquent accounts for the Association, including sending letters, making telephone calls and personal contacts. Manager may institute judicial proceedings according to the procedures provided for in the Declaration or the other Association documents upon approval of the Board. The Association will cooperate with Manager in all reasonable respects in connection with collecting common expenses or other amounts owing to the Association, and will join in any litigation if requested by Manager.

C. Manager shall employ such personnel, as direct employees of Manager or as independent contractors, as Manager, in its discretion, considers necessary or desirable to perform the obligations and duties of Manager under this Agreement. Manager shall not mark up labor or materials provided by independent contractors. All work by Manager's employees shall be charged at Manager's standard generally established rates, which shall be the same rates for similar services charged by Manager to other associations it manages. Expenses of the foregoing shall be an Association Expense except to the extent this Agreement provides for cost sharing with Manager.

D. Manager shall, at the expense of the Association, take such action as may be necessary or desirable to promptly comply with any and all orders or requirements affecting the Project imposed by any federal, state, county or municipal authority having jurisdiction thereof and orders of the Board of Fire Underwriters or similar bodies.

E. Manager shall adhere to, carry out and enforce the provisions of the Declaration and the articles of incorporation and bylaws of the Association and shall in all cases be governed by the provisions thereof in carrying out its duties under this Agreement.

F. Manager shall keep records of the receipts and expenditures on behalf of the Association pursuant to this Agreement, itemizing the maintenance and repair expenses and any other expenses incurred. Such records and supporting information shall be available for examination by Unit owners upon prior appointment at convenient hours during normal business days, excluding Saturdays, Sundays and legal holidays. The Manager shall furnish the Board with financial statements at least annually, and shall furnish all Unit owners with an annual report for the preceding year within sixty (60) days after the close of the calendar year to which the annual report relates.

G. The financial records of the Association may be audited or reviewed from time to time as determined by the Board. Any audit shall be conducted by an independent, certified public accounting firm ("Accountant") selected by the Board. The cost of the audit or review shall be borne by the Association.

H. Manager shall prepare an operating budget for the Association setting forth an itemized statement of anticipated receipts and disbursements for the Association's for each calendar year taking into account the general condition of the Project. Such budget shall be submitted to the Board at least thirty (30) days prior to the commencement of the calendar year for which it has been made. The budget shall serve as a supporting document for the schedule of assessments proposed for the calendar year. The Association's Board of Directors shall adopt a budget for each calendar year within a reasonable time prior to the start of the calendar year. If the Board fails to adopt a budget prior to the commencement of a calendar year, the budget for the prior calendar year shall continue until a budget for the current calendar year is adopted. If at any time Manager anticipates any expenditures in excess of five percent (5%) of the amount budgeted for such item or non-budgeted expenditures in excess of \$10,000, Manager shall notify each member of the Board, and the Board shall approve or disapprove such modification of the budget within thirty (30) days of such notification, after which the Manager may collect the advance common expense assessment, as modified, from Unit owners during the remainder of such calendar year. Manager shall perform its duties under this Agreement in accordance with the Association's budget, as it may be modified or amended, and shall not incur expenses which substantially deviate from the budget except as approved by the Board and except for expenses incurred to preserve or protect life or property in emergency situations. Expenses more than five percent (5%) in excess of the amount budgeted for such item shall be a substantial deviation. The financial statements provided to the Board shall reflect deviations from the budget.

I. Manager shall maintain businesslike relations with the Unit owners.

J. In consultation with and after approval by the Board, Manager shall cause to be placed and kept in force all available policies of insurance and bonds to be owned by, or for the benefit of, the Association or the Unit owners and which are required by the Declaration or specified by the Board to protect the Unit owners and mortgagees covering Units, as their respective interests appear (or as required by law), including but not limited to workers' compensation insurance, public liability insurance, fire and extended coverage. Such insurance shall be placed with such companies, in such amount, and with such beneficial interests referenced herein as shall be specified by the Board. The Manager shall promptly investigate and make a written report as to all accidents or claims for damage relating to the management,

operation and maintenance of the Project, including any damage or destruction to the Project, and shall cooperate and make any and all reports required by any insurance company in connection therewith.

K. Association shall maintain a fidelity bond in the amount of \$100,000 per occurrence with respect to Manager's employees who are responsible for handling funds of the Association. The cost of any such bond shall be an expense of the Association.

L. Manager shall schedule, organize and attend all Association owner and Board meetings as the Board may direct.

M. Manager shall keep all records of the affairs of the Association as the Board may direct or as required by the bylaws of the Association including, but not limited to, minutes of meetings, reserve studies, correspondence, rules and regulations, and all other documents and papers pertaining to the Condominium Project and the Association. Manager shall make all such records available to Owners for inspection upon prior appointment at convenient hours on any normal business day, excluding Saturdays, Sundays and legal holidays.

N. Manager shall maintain as directed by the Board a complete, accurate and current list of Unit owners and their current mailing addresses. At the time of transfer of any ownership interest in a unit, Manager shall use its best efforts to obtain such information from the new owner as may be necessary to keep the list of owners current.

O. Association, acting through the Board, shall make available for Manager's use in conducting management operations at the Project such storage areas and other facilities available at the Project as Manager may reasonably need for such purposes.

3. PAYMENT OF ASSOCIATION EXPENSES.

All things done by Manager under this Agreement shall be done as agent for and on behalf of the Association and its members, and all obligations or expenses incurred by Manager hereunder shall be for the account of, and at the expense of Association and its members, excepting only those items expressly stated herein to be the expense of Manager. All personnel used to perform these services shall be considered employees or contractors for the Manager. Manager shall not be obligated to make any advance to or for the account of the Association.

A. Subject to budget constraints, the cost of all Association Expenses shall be charged to the Association and paid by Manager from available Association funds held in the Fund. Such items shall include, but are not limited to, the overhead and operating expenses of Association such as legal and accounting fees, maintenance, repairs, renovation, housekeeping services, taxes and the creation of reasonable reserves for replacement; insurance premiums for insurance coverage as deemed desirable or necessary by the Association; and utility charges including (without limitation) heat, electricity, water and sewer. Assessments for common expenses collected by Manager in excess of actual costs expended and disbursements made at the end of each calendar year shall be allocated to reserves or surplus on the succeeding calendar

year's budget or refunded to Unit owners in a manner that will not affect the non-profit status of the Association, as provided by the Board.

B. All common expenses charged to the Condominiums shall be apportioned among the members of the Association as specified in the Declaration.

C. Each Unit owner shall be billed separately for and shall pay directly to Manager or to the billing entity the following expenses: General taxes other than any real property taxes that may be required by the holder of a mortgage on a specific unit to be paid directly to such mortgage holder under the terms of said mortgage and special assessments and for such owner's Unit; any telephone or other utility charges separately billed if requested to do so by a unit owner.

4. MANAGEMENT FEE.

In payment for the services to be provided by Manager under this Agreement, the Association shall pay Manager a Management Fee equal to ten percent (10%) of the Association's actual expenses, excluding utility expense and contributions to reserves, except as otherwise set forth in the operating budget of the Association. The Management Fee shall be included in the regular periodic assessments to Unit owners, which shall be deposited in the Fund when collected. Manager is authorized to pay the Management Fee from the Fund on a monthly basis. The Association Expenses will not include the following items, which are Manager's expenses and are covered by the Management Fee:

1. Salaries and other compensation and benefits of Manager's executive administrative staff
2. Overhead and expenses of Manager's executive administrative office
3. Accounting services provided by Manager's staff
4. Mileage charges for Manager's employees

The Association Expenses will include, but are not limited to, expenses for the following items, which are not covered by the Management Fee:

1. Common area electricity
2. Common area gas
3. Water and sewer
4. Common area insurance
5. Trash removal
6. Common area repair, maintenance and housekeeping
7. Annual audit (if required) and preparation of Association tax returns
8. Filing liens and prosecuting foreclosure and collection actions for amounts owing to the Association
9. Legal services and costs for services retained by Association
10. Snow removal
11. Security
12. Heat provided from Sheraton

5. TERM OF AGREEMENT.

This Agreement shall commence December 31, 2006 and shall continue for a period of 12 months ending December 31, 2007. Thereafter, it shall automatically continue from year to year without necessity of further act by either party hereto unless terminated in writing as provided below. This Agreement may be terminated (a) for cause upon material default of a party hereto which has not been cured within a period of thirty (30) days after written notice from the non-defaulting party setting forth specifically the matters in default, or (b) effective December 31, 2007 or effective December 31st of any year thereafter, if either party gives written notice of termination to the other on or before September 1 of the year the termination is to become effective. Within thirty (30) days after the effective date of termination, Manager shall pay over to Association all funds in the Fund, less any Association Expenses due but unpaid, any unpaid Management Fee and other amounts owing to Manager.

This Agreement shall be terminated, and all obligations other than those having previously arisen shall cease, upon the happening of any one of the following events:

A. **INSOLVENCY.** If either party shall file or have filed against in a Petition in Bankruptcy, or if either shall make an assignment for the benefit of creditors, the other may terminate this Agreement by serving thirty (30) days' written notice by certified mail on the insolvent party.

B. **DESTRUCTION OR CONDEMNATION.** On the destruction or taking by any governmental entity through lawful condemnation proceedings of the entire Project or a substantial portion thereof, either party may terminate this Agreement by serving thirty (30) days' written notice to the other.

6. NOTICES.

All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed to have been given or served if delivered or mailed by certified mail, postage prepaid, addressed as follows:

To Association: Gondola Square Condominiums
Owners Association
2305 Mt. Werner Circle
Steamboat Springs, CO 80487

To Manager: Steamboat Ski & Resort Corporation
2305 Mt. Werner Circle
Steamboat Springs, CO 80487

7. TITLES.

Titles to the various paragraphs hereof are inserted for convenience only and do not define, add to or prescribe the scope or intent of this Agreement or any provision thereof.

8. INDEMNIFICATION.

A. The Association shall indemnify and hold Manager harmless from and against any and all claims, liability, damage or loss arising out of any injury to or death of any person or damage to or loss or destruction of property occurring in, on or about the Common Areas and Facilities, from any cause whatsoever, except for the willful misconduct or gross negligence of the Manager, its agents, representatives or employees or for actions outside of the scope of Manager's duties and authority as agent of Association. Notwithstanding anything herein to the contrary, Manager shall not be liable for any error of judgment or for any mistake of fact or law, or for anything that it may do or refrain from doing hereinafter in good faith or in response to instructions from the Association, the Management Committee, its officers and directors.

Manager shall not be liable to the Association, its members or to Unit owners for any innocent act or omission of Manager, or any contractor or other party retained by Manager or their respective agents and employees. However, Manager shall be liable to the Association for any damage caused to the Association due to Manager's, or any contractor or other party retained by Manager or their respective agents and employees, negligence, breach of this Agreement, or willful misconduct. Manager agrees to indemnify and hold the Association harmless from any liability, loss, damage, cost or expense (including reasonable attorney's fees) resulting from negligence, breach of this Agreement or willful misconduct of Manager or any contractor or other party retained by Manager or their respective agents and employees.

B. Association shall not be liable to the Manager, its members or to Unit owners for any innocent act or omission of Association, or any contractor or other party retained by Association or their respective agents and employees. However, Association shall be liable to the Manager for any damage caused to Manager due to the Association's, or any contractor or other party retained by Association or their respective agents and employees, negligence, breach of this Agreement, or willful misconduct. Association agrees to indemnify and hold the Manager harmless from any liability, loss, damage, cost or expense (including reasonable attorney's fees) resulting from negligence, breach of this Agreement or willful misconduct of Association or any contractor or other party retained by Association or their respective agents and employees.

C. The Association shall maintain and provide proof of liability insurance covering itself, its agents, owners and representatives with coverage of not less than three million dollars (\$3,000,000) and shall specifically name Manager in its capacity as agent for the Association as an additional-insured party under its public liability insurance in the same manner and to the same extent as Owners. Such insurance shall provide primary coverage and any insurance maintained by Manager shall provide secondary coverage.

9. FORCE MAJEURE.

If either party hereto, or its agents, are prevented from performing its obligations hereunder (or any part thereof) due to war, strike, accidents, Acts of God, governmental regulations, weather conditions or other cause beyond its reasonable control, such party shall be permitted additional time to complete the same (or part thereof) equivalent to the amount of time lost plus any additional time lost due to delays occasioned by any such event unless the Condominiums shall be destroyed or terminated pursuant to the Declaration, in which event this Agreement shall forthwith terminate.

10. ASSIGNMENT.

This Agreement shall not be assignable by either party hereto without the written consent of the other party, which may be withheld for any reason.

11. ATTORNEY'S FEES.

In the event of any litigation regarding this Agreement, the prevailing party shall be entitled to receive from the other party all costs of enforcement or collection, including reasonable attorney's fees and court costs.

12. ENTIRE AGREEMENT.

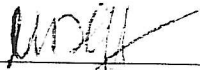
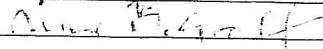
This Agreement shall constitute the entire agreement between the contracting parties, and no variance or modification thereof shall be valid and enforceable, except by agreement in writing from the parties hereto.

13. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement the day and year first above written.

GONDOLA SQUARE CONDOMINIUMS OWNERS ASSOCIATION

By: 
, President

STEAMBOAT SKI & RESORT CORPORATION, a Delaware corporation

By: 
Christopher Diamond, President