

Cheri Braunvand-Summit County Recorder 4/18/2001 11:39 DF: Exempt

2000

Special Warranty Deed

This indenture, made this 31st day of August, 2000, between **Farmers Korner, Inc.** a Colorado Corporation, organized and existing under the laws of the State of Colorado, having its principal place of business at 16195 Highway 9, P. O. Box 1005, Frisco, Colorado 80443 grantor, and **Alpensee Water District, Inc.** of 16195 Highway 9, P. O. Box 2204, Frisco, Colorado, 80443 grantee.

Grantor, for and in consideration of the sum of \$ 10.00 paid at and before the sealing and delivery of this instrument, and for other valuable consideration, the receipt and sufficiency of which is acknowledged, has granted, bargained, sold, and conveyed and by these presents does grant, bargain, sell, and convey to grantee, all of that certain tract or parcel of land lying and being in Summit County, Colorado, as more particularly described as follows:

One-fifth (1/5th) undivided interest in Lot 4, Alpensee ^{see} Filing No. 3 *AKL*

To have and to hold the property, together with all and singular the rights and appurtenances thereof, to the same belonging or in any way appertaining, to the only proper use and benefit of grantee in fee simple.

This deed is made expressly subject to the permitted title exceptions set forth on Exhibit B, attached and incorporated into this instrument by reference.

Subject to the title matters set forth above, grantor will warrant and forever defend the right and title to the tract or parcel of land described above to the grantee against the claims of all persons claiming by, through or under grantor, and not otherwise.

In witness of the above, grantor has caused its seal to be affixed to this instrument, and this instrument to be signed by its duly authorized officers on the date written above.

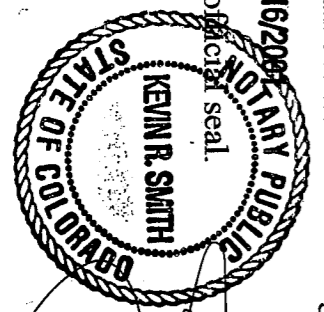
Farmers Korner, Inc.

By: *[Signature]*
Larry Smith; Its: President

State of Colorado
County of Summit

ss

The above instrument was acknowledged before me on this 31st of Aug,
2000 by **Larry Smith** **President** of **Farmers Korner, Inc.**
My Commission Expires 08/16/2002
Witness my hand and official seal.



[Signature]
Notary Public

EXHIBIT "B"

MEMORANDUM OF UNDERSTANDING
REGARDING CONVEYANCE AND RECONVEYANCE OF
LOT 4, ALPENSEE FILING NO 3 UPON CONDOMINIUMIZATION

NOW COMES, Farmers' Korner, Inc., a Colorado Corporation in good standing, (hereinafter "FKI") and Alpengsee Water District, a Colorado Quasi-Municipal Corporation and Special District, (hereinafter "AWI") and do hereby covenant and agree:

WHEREAS, FKI is the owner of Lot 4, Alpengsee Filing No 3, as recorded in the records of the Summit County Clerk and Recorder, (hereinafter "Lot" or "the Lot");

WHEREAS, FKI is owner and developer of the adjacent Highland Meadows PUD Subdivision, (hereinafter "Highland"); and

WHEREAS, FKI has plans to develop a commercial condominium complex consisting of four (4) buildings and eight units on the site of the Alpengsee Filing No. 3 Subdivision by resubdividing the existing six lots into eight commercial condominiums with one unit reserved and adequate for the pumping, storage and treatment facilities of AWI, substantially as such facilities are shown on Exhibit A attached hereto; and

WHEREAS, AWI intends to provide water to Highland, FKI, Alpengsee Filing No 3 Subdivision from a pumping and treatment facility located in a commercial condominium on the Lot to be constructed; and

WHEREAS, AWI wishes to issue certain bonds to finance the acquisition and construction of a certain Water Storage, Treatment and Supply system; and

WHEREAS, AWI following the issuance of the bonds, intends to acquire a substantially complete private water system from FKI, and to make the same into a public water system, including a substantially complete water storage tank, treatment facilities, line and appurtenances location upon the lot; and

WHEREAS, AWI and FKI wish to cooperatively develop the public water supply system;

NOW THEREFORE THE PARTIES DO HEREBY STIPULATE AND AGREE:

1. FKI will convey to AWI an undivided one-fifth (1/5) interest by special warranty deed in the Lot not later than 10 days from the date of this agreement. FKI shall furnish title insurance for the Lot in favor of AWI in an amount of at least one fifth (1/5th) of Fair Market Value of recent appraisal issued by a company reasonably acceptable to AWI.

2. AWI will reconvey to FKI, AWI's interest in the Lot upon a future contemporaneous closing of a condominium unit and any reasonably necessary utility line easements containing AWI's facilities not later than seven years from the date of this agreement. If the condominiumization process is not completed within the seven year period, it shall be considered an event of default.

3. Until the earlier of either (a) the end of such seven-year term described above or (b) the building containing the water system is occupied FKI shall protect AWI's public water system from freezing and damage from the elements. No part of AWI's public water facilities shall be in a condominium common area.

4. Cost of Improvements and Maintenance. AWI its successors, heirs and assigns, shall be responsible for all costs of public water improvements and public water improvements' maintenance on the property.

5. Hold Harmless. FKI shall bear no responsibility for costs of public water improvements, maintenance or liability including but not limited to AWI's easement right-of-way, the District cannot indemnify.

FKI and its successors, heirs and assigns, agree to indemnify and hold harmless AWI, and their successors, heirs and assigns, for any claims or causes of action arising out of AWI's use of the easement.

6. Local Improvement Districts. AWI shall not be required to participate in any local improvement district. If the County of Summit or any other governmental agency requires FKI to participate in a local improvement district, FKI will indemnify AWI and pay all AWI's costs associated with the local improvement district.

7. Consideration. In consideration for the agreement AWI agrees to pay \$10.00 and other good and valuable consideration.

8. Remedies. Upon notice to the breaching party describing the breach, and failure to cure the breach within thirty (30) days after the notice, the occurrence of any one or more of the following events shall constitute an event of default:

A. The failure of either party to pay any sum of money required by the provisions of this agreement.

B. The failure of either party to comply with any non-monetary term, provision, or covenant of this agreement.

Upon an occurrence of default or at any time thereafter, the non-defaulting party may at his option, after five (5) days written notice to the defaulting party, perform the obligation of the defaulting party, pay the sum of money required, or proceed with each and every right, power, and remedy provided for whether at law, in equity, by statute, or otherwise, including

specific performance.

If the non-defaulting party employs counsel with respect to any default under this agreement or any failure to pay obligations required by this agreement, then all of the reasonable attorneys' fees resulting from such services, and all expenses, costs, and charges relating thereto, shall be an additional liability owing by the defaulting party, and shall be payable on demand and bear interest from the date of such demand until payment thereof at the rate of 18 percent per annum.

If an obligation is incapable of cure within thirty (30) days, a party shall not be in default so long as he reasonably and diligently pursues correction of the default.

9. Binding Effect; Release. All provisions and all obligations of this Vail agreement, including the benefits and burdens, run with the land and are binding upon and inure to the heirs and assigns, successors, tenants, and personal representatives of the parties hereto. In the event the AWI assigns its obligations under this agreement a homeowners association, special improvement district, or other entity, the parties agree that the AWI shall be released only if the assignee assumes the obligations hereunder and has the power to levy assessments and lien lots as necessary to fully meet any and all obligations under this agreement.


10. Notice. Either party may lodge notice of change of address with the other by written notice. Except where this agreement provides otherwise, all notice required under this agreement shall be sent by regular U.S. Mail, and the affidavit of the person depositing such notice in the U.S. Post Office receptacle shall be evidence of such mailing.

11. Terms and Conditions. This agreement contains the entire agreement between the parties, concerning the subject matter hereof and no amendments or modifications of this agreement shall be binding unless evidenced in writing and signed by the parties.

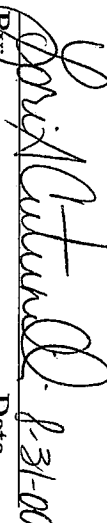
WHEREFORE, this Agreement is executed in duplicate originals as of this 31 day of August, 2000

FKI:

AWI:

By: 
President
P.O. Box 1005
Frisco, CO 80443

Date

By: 
President
P.O. Box 2204
Breckenridge, CO 80443
FRISCO

Date

Attest:

Attest:

By: Don C. Turner

By: [Signature]

Title: Secretary PRESIDENT
STATE OF COLORADO)

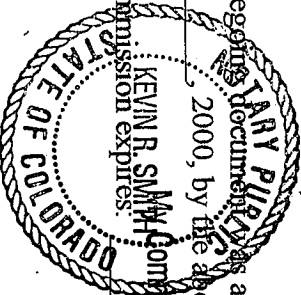
Title: Secretary

COUNTY OF SUMMIT)

) ss.

The foregoing document is acknowledged before me this 21ST day of

Aug, 2000, by the above named persons.
My Commission expires 08/16/2001



[Signature]
Notary Public