

DISCLOSURE STATEMENT FOR
THE GRAND LODGE ON PEAK 7, BRECKENRIDGE, COLORADO

January, 2015

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Developers are no longer the Declarant

A. INTRODUCTION

1. This Disclosure Statement includes information which we must provide you under Colorado law. In this Disclosure Statement, "Grand Lodge," "Subdivider," "Declarant," "Developer," "Peak 7," "Peak 7, LLC", "we" or "our" means Peak 7 LLC, unless otherwise stated. "You" means a potential buyer of a "Vacation Estate" at The Grand Lodge on Peak 7.

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 The Grand Lodge on Peak 7, 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 The Grand Lodge on Peak 7, 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. The Grand Lodge on Peak 7 is a planned Vacation Ownership Resort consisting of two buildings with the equivalent of 114 two-bedroom condominium units and three deed restricted employee housing units. The Project will also include six (6) Commercial Units which will include a restaurant and bar, spa, lobby bar, front desk and management offices and exterior parking area. Building I will have 67 two-bedroom units and two employee units. The units in this building are subdivided for sale as vacation estates. Amenities available in these units are discussed below. Provision is made in Article 13 of the Master Declaration of Covenants, Conditions and Restrictions for Breckenridge Mountain Master Planned Community, Summit County, Colorado attached hereto as Exhibit 11-A for the construction of a Fore Substation Unit in Building 2.

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 Lodge on Peak 7 (the "Declaration"). The length of interest being offered is a Seven Consecutive Day period beginning 4:00p.m. Saturday or Sunday until 10:00a.m the following 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 The Grand Lodge on Peak 7 is Peak 7 LLC, a Colorado limited liability 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 The Grand Lodge on Peak 7 Sales Center, 100 S. Main Street, Breckenridge, Colorado 80424.

2. Building 1 of The Grand Lodge on Peak 7 is located at 1979 Ski Hill Road, Breckenridge, Colorado.

C. TYPE OF OWNERSHIP & OCCUPANCY RIGHTS OFFERED

1. The undivided interests in fee simple of the particular condominium units being offered are "time-span estates" as that term is defined in Colorado Revised Statutes ("C.R.S.") 38-33-110(8). Time-span estate means a combination of the following two elements:

(a) An undivided interest in a present estate in fee simple in a unit, the magnitude of the interest having been established by the time of the creation of the time-span estate either by the project instruments or by the deed conveying the time-span estate; and

(b) An exclusive right to possession and occupancy of the unit during an annually recurring period of time defined and established by a recorded schedule set forth or referred to in the deed conveying the time-span estate.

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 included in this Supplemental Application and Certification as a Subdivision Developer as Exhibit 11-A Exhibit I.

4. According to the Condominium Declaration, Article 22, the Vacation Estate that you are purchasing will consist of an undivided interest in a present estate in fee simple in the Unit in which the Vacation Estate is a part of commencing at the time of the recordation of the Declaration or as set forth in the deed conveying the time-span estate. After the termination of the time-span estate, you and your heirs will still own a 1/52nd interest as a tenant in common in the Unit in which the time-span estate is located.

D. AMENITIES, ACCOMMODATIONS AND COMMON ELEMENTS

I. The Condominium Units. Unit 1505, 1509, 2402, and 2408 are one bedroom units. Units 1107, 1111, 1112, 1203, 1204, 1206, 1207, 1212, 1302, 1304, 1305, 1307, 1312, 1401, 1402, 1403, 1405, 1406, 1407, 1408, 1409, 1411, 1412, 1413, 1507, 1508, 1514, 1515, 2103, 2104, 2203, 2204, 2303, 2304, 2402, 2403, 2501, 2503, 2504, and 2506 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 1109, 1110, 1114, 1206, 1208, 1209, 1210, 1211, 1214, 1301, 1303, 1306, 1308, 1309, 1310, 131, 1314, 1410, 1414, 1415, 2101, 2102, 2105, 2106, 2108, 2201, 2202, 2205, 2206, 2208, 2301, 2302, 2305, 2306, 2401, 2405, and 2406 are four bedroom units. These units may be used as four bedroom, 4 bathroom units or may be locked off into two separate two bedroom units, or one three bedroom unit and one studio or efficiency unit.

2. Amenities On Site. The amenities include: ski-in/ski-out trail(s) to lifts, an indoor aquatics area with an indoor/outdoor pool, two indoor hot tubs and an indoor children's play area; an exterior aquatics area with outdoor pool, three hot tubs, fire pit, and a performing arts mezzanine area; kiddie pool; plunge pool; putting green; complete fitness center with locker rooms, sauna, steam room; Soothe Day Spa; family fun center with gaming area adjacent to ski area cafeteria; owners library; putting green; playground.

3. Common Elements. Grand Lodge on Peak 7 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 Declaration, Exhibit 11-A.

E. UTILITIES, LEGAL ACCESS & ZONING

The Units described herein have direct legal access to Ski Hill Road which is a Town of Breckenridge road held and maintained by the Town. The driveway and various portions of the Common Elements at The Grand Lodge on Peak 7 is maintained, including snow removal, by the Breckenridge Mountain Master Association, Inc. which is a Large Planned Community Association created pursuant to C.R.S 38-33.3- 103(1_.5) for the Peak 7 and Peak 8 Subdivisions pursuant to the Declaration of Covenants attached hereto as Exhibit 7-JJ. Legal access within The Grand Lodge on Peak 7 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. The Grand Lodge on Peak 7 is in Land Use District 39, 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, and is in compliance with the Peak 7 and 8 Master Plan. 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 fourteen (114) of the Units (67 units in Building 1, 47 units in Building 2) 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 The Grand Lodge on Peak 7, 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 The Grand Lodge on Peak 7 or otherwise.

H. THE ASSOCIATION

The Grand Lodge on Peak 7 is a common interest community. As a Vacation Owner, your membership in The Grand Lodge on Peak 7 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 December 31. The estimated annual fees for fiscal year 2015, which is January 1, 2015 to December 31, 2015 are \$2,104.30 per Vacation Estate in a 4 bedroom Unit, \$1,506.06 per Vacation Estate in a 3 bedroom Unit, \$1,063.88 per Vacation Estate in a 2 bedroom Unit, \$621.71 per Vacation Estate in a 1bedroom Unit, and \$465.64 per Vacation Estate in a Suite. Please refer to the attached Exhibit 13, the Association Budget. Developer pays the same Association fees for each Vacation Estate that it owns. The Association operates and maintains The Grand Lodge on Peak 7. For a complete description of the services provided by the Association, please refer to the attached Exhibit 11-A: Declaration. Peak 7, LLC, as the Declarant according to the Declaration, initially maintained a period of control of the Association. Please read Article 7, Section 7.5 of the Declaration for a full description of such period of control. This period of Declarant control has terminated and the Declarant no longer possess the right to appoint and remove officers and members of the Board. The current Board of the Association is Michael A. Dudick, Robert A. Millisor, and Linda Cole, Mike Hedensten, and Stuart Smith.

Peak 7, LLC, as the Declarant, does not make a profit from the Association and cannot borrow money from the Association. However, while Peak Resorts Management, LLC d/b/a Breckenridge Grand Vacations, a wholly owned subsidiary of Peak 7, LLC, does manage the Association for a profit, it cannot borrow money from the Association in this capacity either. According to the Association Bylaws attached as Exhibit 11-D, only an officer of the Association may sign checks or otherwise disburse funds of the Association, thus, Michael A Dudick, Robert A Millisor and Nick Doran do sign checks on behalf of the Association. Please see the Management Agreement attached as Exhibit 16, for further details concerning the management and control of the Association. Peak 7, in every contract for sale, is obligated to provide you, the purchaser, with the written "statement of assessments" pursuant to C.R.S 38-33.3-316(8) -upon request.

I. Management Entity

The Association is under contract with Peak Resorts Management, LLC d/b/a Breckenridge Grand Vacations, a Colorado limited liability company, to provide reservation and management services. Its office is currently located at Grand Timber Lodge Sales Center, 100 South Main Street, Breckenridge, Colorado 80424.

Michael C. Millisor, Robert A. Millisor and Michael A. Dudick 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. These management services will include, but not be limited to, budget preparation, property management , collection of assessments, disbursement and payment of obligations, preparation of financial statements and records, management of reserve accounts and reservations manager. A more detailed list of the Management Agreement dated October 1, 2007, a copy of which is attached hereto as Exhibit 17. The Management Company is a wholly owned subsidiary

by Peak 7, LLC, which is owned by Michael Millisor, Robert Millisor and Michael Dudick. Gold Point Lodging & Realty, Inc. is also the listing real estate agent for Peak 7 of The Grand Lodge on Peak 7 project. The Management Agreement is attached as Exhibit 16. The initial term of the Management Agreement is 10 years subject to renewal and termination for cause by the Association. Paragraph 3 .1 of the Management Agreement authorized the Association to terminate the Agreement for cause, in part, if the Manager fails to cure any default within ten (10) days after notice of default. The Manager may resign, but only after the Association obtains a substitute Manager. Furthermore, C.R.S 38.33.3-305 authorizes the Board to terminate the Management Agreement within ninety (90) days after the Board is elected by the Unit Owners.

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 9 of the Declaration. The Association maintains an ongoing reserve analysis for each of the reserve accounts.

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. In addition to being a part of the Breckenridge Mountain Master Association, the Project is in the Breckenridge Mountain Metropolitan District and the Alpine Metropolitan District.

N. SALES BY QUALIFIED BROKERS

All sales of Vacation Estates at The Grand Lodge at Peak 7 in Colorado will be effected by brokers and salesmen licensed by the State of Colorado unless specifically exempted pursuant to C.R.S. 12-6 1-101(4). Vacation Estates at The Grand Lodge on Peak 7 are currently offered under an exclusive right to sell listing with Gold Point Lodging & Realty, Inc., Michael C. Millisor, Broker, 100 S. Main Street, 2nd Floor,

P.O. Box 6879, Breckenridge, Colorado 80424.

O. GRAND LODGE ON PEAK 7 CLUB

The Grand Lodge on Peak 7 Club (the "Club") is a service name given to the variety of reservation, exchange, use and other rights and services and other benefits (see paragraphs P, Q and R) made available to Owners by Peak Resorts Management, LLC, a Colorado limited liability company, d/b/a Breckenridge Grand Vacations ("Manager"), an affiliate of Declarant. The Club provides to its members the ability to maximize the use of their Vacation Week through Manager 's proprietary points club overlay that allows use of Vacation Weeks in increments of as few as three days in different seasons and in different Unit types than the Vacation Estate acquired by the Purchaser. Club Members are also entitled to day use of the Project including use of all Project amenities including health club, pools, hot tubs and common area parking, as well as on-site parking, subject to availability and spa use in units retained by the Declarant. Bonus Time use is available during any time not reserved 14 days in advance of the date of desired check-in. Club membership is available only to Purchasers who acquire their Vacation Estates from Declarant or its authorized agent.

P. 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 \$89.00 and the Developer will pay for the first year's membership in the program on behalf of each Purchaser at closing as part of The Grand Lodge on Peak 7 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 17-B and 17-C and should be read carefully by prospective purchasers who desire to utilize the exchange program. Participation in the program is entirely voluntary.

Q. 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.

R. RESALE OF PROPERTY-RIGHT OF REPURCHASE

As a Vacation Owner at The Grand Lodge on Peak 7, 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 The Grand Lodge on Peak 7 should be to use and enjoy the property either at The Grand Lodge on Peak 7 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 The Grand Lodge on Peak 7 and the buyer has not previously toured The Grand Lodge on Peak 7. If you toured The Grand Lodge on Peak 7 but made your purchase of timeshare at The Grand Lodge on Peak 7 through a resale program, club member benefits are not transferable. Developer does not at this time actively engage in a resale program. Pursuant to Article 22, Section 22.14 of the Declaration, Exhibit II-A, Peak 7 has the option to repurchase a Vacation you desire to sell, assign or otherwise transfer this Vacation Estate. **NOTHING HEREIN CONSTITUTES A GUARANTEE THAT DEVELOPER WILL HELP YOU SELL YOUR WEEK OR WEEKS IF YOU DECIDE TO SELL AT A FUTURE TIME.**

S. BONUS TIME PROGRAM

As part of the Peak 7 Charter Club membership benefits, owners are able to utilize additional time at The Grand Lodge on Peak 7 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.

T. 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 The Grand Lodge on Peak 7 are not eligible for such discounts; however, Declarant may, at its discretion, designate one The Grand Lodge on Peak 7 owner per unit as a Town of Breckenridge resident eligible for such discounts.

U. RENTAL OF YOUR UNIT

As a new purchaser at The Grand Lodge on Peak 7, 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 The Grand Lodge on Peak 7 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 The Grand Lodge on Peak 7 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.

V. SPECIAL DISTRICTS

The Grand Lodge on Peak 7 is located within two special districts: (1) the Alpine Mountain Metropolitan District and (2) the Breckenridge Mountain Metropolitan District. Both Districts were formed pursuant to C.R.S 32-1-201 under a consolidated service plan. The Alpine Metropolitan District is responsible for managing the construction and operation of roads, water facilities, parks and other services not provided or dedicated by the Town of Breckenridge or other public entities. The Breckenridge Metropolitan District is a financing district and is responsible for providing the financing for the improvements and services provided by the Alpine Metropolitan District.

With respect to the Alpine and Breckenridge Metropolitan Districts:

- (i) The Districts have not defaulted on any of their obligations or filed bankruptcy;
- (ii) Peak 7, LLC is not in any default on obligations to the Districts; and
- (iii) Peak 7, LLC has no direct obligation to pay fees or taxes to the Districts and is only obligated to pay taxes which may be assessed from time to time.