

Contract For Sale of Commercial Real Estate at Auction

Date	7/25/2013	Seller:	_____
Property No.	335815/QST	Accepted	_____
Legal Description	SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN	By:	_____
Address	303 6 TH AVE	Accepted	_____
City, State, Zip	OURAY, CO 81427	Date	_____
County	OURAY	Closing	_____
Additional Disclosures	SEE DISCLOSURE EXHIBIT ATTACHED HERETO AND INCORPORATED HEREIN	Date	<u>ON OR BEFORE 30 DAYS FROM DATE OF SELLER ACCEPTANCE</u>
Notice		By signing below, Buyer acknowledges reading, understanding, and agreeing to be bound by this Contract and its Addenda (the "Contract"). Buyer acknowledges receipt of the Contract and understands and agrees to his/her digital signature being placed in the "Buyer" blanks on the attached Contract and understands that the digital signature has full force and effect as Buyer's original signature. Buyer shall receive a fully executed version of this Contract via email address or facsimile number provided at time of registration:	
Deed Name		_____	
Buyer Name		_____	
Street Address		_____	
City, State, Zip		_____	
Telephone		_____	
Email Address		_____	
Purchase Price		Buyer Signature	
Down Payment (10% of Purchase Price)		_____	
Buyer's Premium (3% of Purchase Price)		Buyer Signature	
Total Purchase Price		_____	
Broker / Auctioneer Contact	WILLIAMS & WILLIAMS 7120 SOUTH LEWIS AVE, SUITE 200 TULSA, OK 74136 TEL 800.801.8003 FAX 918-217.6421		
Closer Contact	PROGRESSIVE LAND TITLE 5000 ROCKSIDE ROAD, SUITE 420 INDEPENDENCE, OH 44131 216-834-3700		

OFFER, ACCEPTANCE AND CLOSING DATE: As the high bidder at an Auction of the Property by Seller, as recorded by the Auctioneer ("Broker"), Buyer made and hereby makes an irrevocable offer ("offer") under the terms herein to purchase the Property being offered and/or described herein. The offer shall be irrevocable by the Buyer for seven (7) business days from the date herein. Seller may accept the offer during this period or thereafter. The Buyer shall be bound by the offer unless and until Broker receives from Buyer a revocation of the offer after the seven business day timeframe and prior to notification to Buyer by Broker of Seller's acceptance of their offer. Revocation notification may be sent to Broker by Buyer via the fax, email or letter sent to the Broker. Buyer and Seller agree that notice of Seller's acceptance may be sent to Buyer by Broker on Seller's behalf, via the fax, phone, email or street address provided by Buyer herein or at Registration and incorporated herein. Buyer and Seller agree that Closing shall occur at a time and place to be set by the Closer, on or before the Closing Date indicated above.

Buyer, Seller and Broker (the "Parties") acknowledge and agree: they have been encouraged to seek the advice of legal counsel and that no one on behalf of Broker or Closer has or will offer legal advice to Buyer or Seller; that the Parties negotiated this Contract and it is their intent that any rule of construction that would require this Contract be construed against the drafting party shall not apply; that they have not acted under any duress or compulsions, whether legal, economic, or otherwise; that the provisions of this Contract have been expressly agreed to and were taken into consideration in determining the price offered and accepted; that other provisions notwithstanding, "time-is-of-the-essence" for

completion of this Contract; that upon approval by Seller as herein provided, a valid and binding contract of sale shall exist, the terms and conditions of which are as follows:

1. BUYER'S INSPECTION, DISCLOSURES, REPRESENTATIONS AND WARRANTIES: Buyer agrees, acknowledges and warrants without limitation to Seller and Broker, and their agents, affiliates, officers, employees and representatives: that it was Buyer's sole responsibility to inspect the Property prior to bidding to determine the location of structures, easements, improvements, inhabitation, use and encroachments or to determine any other matters relevant to Buyer's decision to Purchase; that the Property is being sold in gross and that any estimates of size or acreage were and are approximations only; that Buyer has had more than ten (10) days before signing this Contract to make any and all independent inspections of the Property to Buyer's complete and total satisfaction; during this period Buyer was specifically advised by Seller and Broker to seek from independent sources of Buyer's choosing expert advice and/or inspections on all matters affecting the Property or Buyer's decision to purchase including but not limited to a Lead Based Paint Inspection or Risk Assessment, Radon Gas Test, Mold Inspection, Survey, Appraisal, Structural Report, Heat/Air Inspection, EMP Inspection, Roof Inspection, Termite Inspection, Insurance Inspection, Flood Hazard Inspection, Environmental Audit, and Legal Advice; that Buyer understands and agrees that neither Seller nor Broker are required or will make any inspections or repairs of any kind whatsoever to the Property; that Buyer's inspection of the Property (or waiver thereof) has relieved and shall relieve the foregoing of any liability to Buyer and Buyer hereby accepts all liability, as between Buyer and the foregoing, and shall indemnify and hold harmless Seller, Broker, their affiliates, agents, employees, officers, representatives and owners from and against any claims, liabilities, demands, or actions incident to, resulting from or in any way arising out of this transaction, or the possession, ownership, maintenance or use of the Property and that such indemnity shall survive Closing and not be merged therein; that BUYER'S OPPORTUNITY TO INSPECT OR THE WAIVER THEREOF WAS TAKEN FULLY INTO CONSIDERATION IN DETERMINING THE OFFER MADE HEREIN AND REPRESENTS BUYER'S EXPRESS INTENT TO ACCEPT ALL LIABILITY ATTENDANT THERETO.

BUYER ACKNOWLEDGES AND UNDERSTANDS THE FOLLOWING DISCLOSURES: 1) The mineral estate has been severed from this property (if any) and will not convey upon transfer of the surface estate, unless otherwise disclosed herein; 2) This property may be bound by the assessments and restrictions of a property owners/tenants association and Buyer agrees to be bound by same and to assume any special assessments that may become payable after the Closing date; 3) Property may be subject to code violations within the municipality/city/county and Buyer accepts property in 'As-Is' condition with all faults and shall become responsible for any such violations or remediation thereof; 4) Property may be subject to city/county requirements for transfer and Buyer agrees to ascertain such requirements with the city/county or title company and to be responsible for any fee, permit, remediation required therein, to be done after closing; 5) Neither the Seller or Broker make any assertions or guarantees for compliance standards of smoke or CO2 detectors or fire systems to this property and Buyer accepts all responsibility for same, including any required inspections or remediation; and 6) Neither the Seller or Broker make any assertions or guarantees as to the condition or inspection of any septic, sewer, holding tanks, macerators, sump pumps, location of leach lines, or potability of any well that may be located on the property herein including but not limited to obtaining any necessary permits or inspection required by the municipality or any remediation, fees, or terms required by such authority due to dye testing or inspection, to be performed after closing.

BUYER expressly acknowledges being advised by Broker in sales literature and again at or prior to auction registration: that (1) the Buyer would be bound by this Contract, including all Addendums (incorporated by reference are Seller's Addendums and Exhibits, if any; a Property Disclosure or Disclaimer Statement, if any; and leases, contracts and/or warranties and covenants attached in the Exhibits to this Contract); and (2) TO NOT BID IF BUYER HAD NOT READ AND AGREED TO BE BOUND BY THIS CONTRACT AND ITS ADDENDUMS IN THEIR ENTIRETY.

2. SALE AND DEED: Unless otherwise specified above, SELLER shall sell the Property to Buyer and BUYER shall accept same and purchase the Property in its present condition "AS IS, WHERE IS and WITH ALL FAULTS" via a "CASH SALE" NOT SUBJECT TO FINANCING, APPRAISAL, SURVEY OR INSPECTIONS OF ANY KIND. Seller shall convey insurable title by a Deed prepared by or on behalf of Seller, and of a form of Seller's choosing, including but not limited to a Quit Claim, Special Warranty, Bargain and Sale, U.S. Marshal's or Trustee's deed (Buyer shall rely only upon the warranty provided by title insurance as defined in P.4). If a modular, manufactured or mobile home or similar structure exists on the Property which may be considered separate from the real property as assessed or otherwise described, same will only be conveyed by Seller via a hold harmless agreement or quit claim Bill of Sale.

3. RECEIPT AND PURCHASE PRICE: Broker / Auctioneer acknowledges receipt of the Down Payment amount indicated above and the Parties agree: Broker shall be entitled to accept Buyer's funds or check for immediate deposit without recourse, trust or escrow as sums due Broker or Seller as of this date, and specifically agree and stipulate that the Down Payment SHALL NOT BE HELD IN TRUST OR ESCROW OR OTHERWISE TREATED AS 'FUNDS DUE OTHERS', AND INTEREST EARNED THEREON, IF ANY, SHALL BELONG TO BROKER. If the Buyer has tendered this deposit in the form of a certified check, cashiers check, or personal check, Buyer authorizes Broker to process the check itself, or to process the check electronically through ACH or other carrier. Buyer has funds available to cover this check at the time of execution and authorizes an electronic processing in the discretion of Broker. The Buyer guarantees the Down Payment funds and shall be personally liable in the event the form of Down Payment is not available in immediately available funds, including the cost of bank fees, collection fees, and processing fees. The balance of the Purchase Price, Buyer's Premium (if any), Pre-paid Service Fee (if any), plus costs due from Buyer shall be paid by cash, wire, cashiers check or certified check at Closing.

4. TITLE AND COSTS: Buyer shall receive at or before Closing an Owner's Title Insurance Policy (a.k.a. "Title Insurance Commitment" until such policy is issued), which the Parties agree shall be ordered and/or prepared through Closer from an issuer Closer selects, at Buyer's expense, with a face value equal to the Purchase Price herein, issuing insurable title subject to the following "Permitted Title Exceptions": (i) mineral, oil and gas interest (whether owned, severed, or reserved); (ii) all easements, encroachments, overlaps, discrepancies or conflicts in boundary lines, shortage in area, or other matters of record or which could be disclosed by an accurate and complete survey or inspection of the premises; (iii) all restrictions on the use of the Property, whether or not recorded, under existing and future laws, ordinances, and regulations; (iv) subdivision, deed, and plat restrictions of record; (v) current city, state and county ad valorem property and sanitary sewer taxes not yet due and payable; (vi) current leases affecting the Property; (vii) customary exceptions made to the Title Commitment by the Issuer of the Title Commitment; (viii) those easements, restrictions, encumbrances, or mortgages set forth in the preliminary title commitment provided to Buyer prior to auction and/or attached hereto as Exhibit B; and (ix) other easements, restrictions, encumbrances or mortgages specified in this Contract or any exhibit incorporated herein. "Preclusion to title" shall be in the sole discretion of the Closer or Title Examiner and shall mean any issue which would preclude clear title or transfer thereof, including city inspections, occupancy certificates, tax stamps, boundary/title disputes, lost deeds, or payoff statements. No matter shall be construed as a valid objection or preclusion to title under this Contract unless it is a) not a "Permitted Title Exception" above, and b) is construed to be a valid objection or preclusion to title by the title insurance examination attorney chosen by Closer or the policy issuer (such attorney shall be deemed Buyer's attorney for title examination purposes only), and c) is

communicated to the Parties prior to Closing. In case of such valid objection or preclusion to title, Seller shall, at Seller's option: have one-hundred and twenty (120) days (the "Cure Period") from the date of the original Closing or such additional time as may be agreed to in writing by the Parties to satisfy such objections and preclusions; or choose to terminate the transaction by returning Buyer's down payment upon which the parties shall incur no further liability to the transaction or each other. If such objections cannot be satisfied within the Cure Period, the Down Payment shall be returned to the Buyer and this Contract shall be of no further force and effect. The Parties acknowledge and agree the following costs were estimated and disclosed by Broker prior to the Auction or Sale:

SELLER shall pay their Closing fee (or 1/2 of a 'single' Closing Fee), and all: State deed tax or stamps; the cost of certifying base abstracts (if required); filing fees for releases (if any); bankruptcy search fee (if any); and any other document fees incurred by Seller. Seller shall deliver to Closer at or before Closing the duly executed and acknowledged Deed for delivery to Buyer upon payment of the Purchase Price.

BUYER shall pay their Closing fee (or 1/2 of a 'single' Closing fee), and all: Title exam and search fees; title insurance premium(s); filing fees for deed and any note/mortgage; plat, survey, inspection or other fees announced or advertised for the Auction; costs of supplemental abstracting (if required); the Buyer's Premium in the amount set forth herein; and any and all other Closing costs incurred by Buyer. Buyer shall deliver to Closer at or before Closing, for the benefit of Seller: payment in full of the unpaid portion of the Purchase Price; all such documents as the Closer or Seller shall require prior to or at the Closing to evidence and confirm the power and authority of Buyer to close the transaction contemplated herein; an affidavit waiving inspection and assuming payment of ad valorem and land benefit taxes for the current calendar year and thereafter; and such other documents, instruments and certificates as are contemplated herein to effect and complete the Closing.

5. TAXES AND PRORATIONS: Seller shall pay in full: (i) all special assessments against the Property and of record at the date of Closing that are currently payable, Buyer agrees to be bound by same and to assume any special assessments (including payments) that may become payable after the Closing date; (ii) all taxes, other than general ad valorem taxes for the current calendar year, which are a lien on the Property at the date of Closing; and (iii) the cost of any item of workmanship or material furnished prior to the date of Closing which is or may become a lien on the Property. If this sale or Buyer's use of the Property results in the assessment of additional taxes, whether for periods prior to, at or subsequent to the Closing, said taxes shall be the obligation of Buyer. Unless otherwise specified, the following items shall be prorated between the Parties as of the date of Closing: (i) rents including past due rents, if any; and (ii) general ad valorem taxes for the current calendar year, provided that, if the amount of such taxes has not then been fixed, the pro-rata shall be based upon the rate of levy for the previous calendar year. Any security deposit held by Seller from one or more tenants of the Property shall be transferred to Buyer at Closing and Buyer shall then assume all further liability to tenants, both in relation to such deposits and in relation to any then existing leases covering all or any part of the Property. After Closing Buyer shall indemnify and hold Seller and Broker harmless from all liability to any tenant.

6. CLOSING AND TRANSFER: If the Closer or title issuer selected by Closer determines there are valid objections or preclusions to title as defined herein, the Closing shall be extended for the time permitted to allow Seller to cure same, as provided in Section 4 above. Upon notice from Seller or Broker that such objections have been satisfied, the Closer shall fix a date and time for Closing within two (2) business days. If Buyer requests an extension of the Closing, Seller shall have the sole right to grant Buyer an extension of Closing, for which Buyer shall pay Seller in advance a per diem fee equal to \$150 or 5/100 of a percent of the total sales price herein (.0005 x Sales Price), whichever is greater. Until Closing, risk of loss to the Property, ordinary wear and tear excepted, shall be borne by Seller; after Closing such risk shall be borne by Buyer. BUYER SHALL NOT BE GRANTED POSSESSION OR USE OF THE PROPERTY IN ANY MANNER WHATSOEVER UNTIL CLOSING.

6.1. LEASES: All Leases on the Property and the amendments thereto and Lease guarantees, if any, described on Exhibit C are now and at the Closing will be in full force and effect; have not been modified or amended other than as set forth on Exhibit C; that to the best of Seller's knowledge, Seller is not in default in its obligations as landlord, and that true copies of such Leases have been delivered by Seller to Purchaser; no tenant has any right to cancel or terminate its lease as a result of this transaction or by reason of any existing facts known to Seller; no tenant has any right to extend or renew its lease except as indicated in the leases; no tenant is entitled to any concession, rebate, or refund; except as indicated in the leases; none of the Leases have been assigned, pledged, or encumbered except to the holder of the Mortgage, and no claims or litigation exist with regard to any of the Leases;

6.2. CONTRACTS: Subject to the terms and provisions of the Agreements described on Exhibit D, there will be no other Agreements for services or maintenance or repairs of the Property; If the property has current tenants utilizing HUD Section 8 assistance, Buyer is responsible for transfer and compliance with the Section 8 requirements or eviction process if desired and Buyer is responsible for any Housing Quality Standard Inspections and/or remediation required if Buyer intends to continue the program.

6.3. DOCUMENTS DELIVERED BY SELLER AT CLOSING: Seller covenants and agrees to deliver to Buyer at Closing the following instruments, properly executed and acknowledged:

- (A) A Special Warranty Deed properly executed and acknowledged in proper form for recording to convey to Purchaser good and indefeasible fee simple title in and to the Real Property and Improvements, subject only to the Permitted Encumbrances;
- (B) A Bill of Sale or Assignment conveying to Purchaser good and indefeasible title in and to the Personal Property, if any, included in the transaction;
- (C) An affidavit regarding Seller's identity for the purposes of Section 1445 of the Internal Revenue Code, if required by closer;
- (D) Evidence satisfactory to the Title Company that the person or persons executing the documents at the Closing on behalf of Seller has the full right, power, and authority to do so;
- (E) An assignment, in recordable form, of all Leases affecting the Property, together with all original executed Leases;
- (F) A copy of the any working plans and or specifications for the property, which Seller shall use its best efforts to obtain prior to the Closing;
- (G) An Assignment of its interest in all Contract, Warranties and Guarantees regarding the Property, if any; and
- (H) Such other instruments as are necessary to effectuate the conveyance of the Property to Purchaser.

6.4. SELLER'S OBLIGATIONS: During the period between the date hereof and the Closing, Seller shall:

- (A) Keep the property in normal repair and condition, including making necessary repairs and replacements;

- (B) Comply with the terms, conditions, and provision of leases and other contractual arrangements relating to the Property;
- (C) Without approval of Buyer, neither negotiate nor enter into any new contract or modify any existing contract affecting the future use or operation of the Property which cannot be terminated or amended, without charge or penalty, on or before Closing;
- (F) Operate, manage, and maintain the Property in the usual and customary manner for similar property;
- (G) Not, without Buyer's prior written consent, enter into, amend, or terminate any Lease.

6.5. Tax Free Exchange Cooperation: In the event Buyer or Seller intend on utilizing tax exchange arrangements in this transaction, this Contract for Sale is executed in contemplation of, and with the full knowledge of the intent of the Seller and Buyer hereunder to proceed with like kind exchanges pursuant to Section 1031 of the Internal Revenue Code, and the parties hereunto agree to cooperate and utilize their best efforts in order to facilitate the exchange transactions, including, but not limited to, executing documents for the purpose of consummating the exchange transactions. Buyer agrees to cooperate in a Section 1031 Exchange by Seller at no cost or liability to Buyer, including without limitation, the assignment of Seller's rights, but not Seller's obligations, under this Contract on or before Closing to Seller's qualified exchange intermediary. Seller agrees to cooperate in a Section 1031 Exchange by Buyer at no cost or liability to Seller, including without limitation, the assignment of Buyer's rights, but not Buyer's obligations, under this Contract on or before Closing to Buyer's qualified exchange intermediary. Seller further acknowledges and agrees that, at Buyer's request, Buyer's deposit funds may be refunded to Buyer by Seller and replaced with an equal amount of funds from Buyer's qualified exchange intermediary at any time after assignment of this contract to such qualified exchange intermediary.

7. BREACH OR FAILURE TO CLOSE: The parties agree that If SELLER has performed Seller's obligations under this Contract, and if at the Closing the Buyer fails to pay the balance of the Purchase Price or to perform any other obligations under this Contract, then Seller may, at Seller's option, either a) unilaterally cancel and terminate Buyer's right to purchase the Property, including all legal and equitable interest, if any, Buyer may have regarding the Property and retain all sums previously paid on the Purchase Price as liquidated damages, or b) elect to recover from Buyer the actual damages incurred by Seller, including loss of the balance of the Purchase Price, costs of resale, attorney's fees, and such other incidental damages as may be lawfully recovered. If BUYER has performed Buyer's obligations under this Contract and Seller fails to perform its obligations under the Contract, then Buyer may, as Buyer's sole and exclusive remedy, terminate Buyer's obligation to purchase the Property, by written notice to Seller.

8. LIMITATION OF REMEDIES: Buyer agrees that in no event shall Seller, Broker or Closer be liable to Buyer for actual, punitive, speculative or consequential damages, nor shall Buyer be entitled to bring a claim to enforce specific performance of this Contract. The Parties agree that neither shall make a claim for any breach of this contract, for rescission or revocation of acceptance, or for any warranty, misrepresentation, mistake or tort unless such Party first notifies the other Parties in writing of the basis, nature and amount of such Party's claim within one-hundred and eighty (180) days after the date of this Contract, or if Closing occurs, within thirty (30) days after the Closing Date, whichever is earlier; and that any and all claims after such period shall be void as between the Parties. Any request for Arbitration by any Party must be filed within one (1) year after the date of this Contract, and shall be limited to the remedies previously described herein, or if the sale has already closed, Buyer agrees its sole and exclusive remedy, at law or in equity, shall be limited to liquidated damages not to exceed 1% of the Purchase Price herein. The Parties expressly stipulate and agree that it is difficult or impossible to accurately ascertain the amount of damages that might be suffered by Buyer (unless the sale was not closed and Buyer's Down Payment was returned, in which event it is stipulated and agreed herein that Buyer will have suffered no damages) and that the amount of 1% of the Purchase Price is a reasonable estimate of the amount of such damages to Buyer.

9. ARBITRATION: The Parties agree that any controversy or claim arising out of or relating to the sale or this Contract or the breach thereof shall be settled by binding arbitration administered by the American Arbitration Association (AAA) under its Commercial Arbitration Rules, and judgment on the award rendered may be entered in any court having jurisdiction thereof. Claims may include but are not limited to allegations of breach of contract, concealment, misrepresentation, negligence and/or fraud. Upon submission of a dispute to the AAA, the Parties agree to be bound by the rules of procedure and decision of the AAA. In the event any Party invokes Arbitration with respect to this Contract or any part of this transaction, including by or against Broker, the prevailing Party shall be entitled to an award of reasonable attorney's fees. THE PARTIES UNDERSTAND THAT BY ENTERING INTO THIS AGREEMENT THEY ARE GIVING UP THEIR CONSTITUTIONAL RIGHT TO HAVE CLAIMS DECIDED IN A COURT OF LAW BEFORE A JURY AND INSTEAD ARE ACCEPTING THE USE OF BINDING ARBITRATION.

10. SELLER AND BROKER DISCLAIMER: Buyer acknowledges and agrees that Seller, Broker, their affiliates, agents, employees, officers, representatives or owners have not made, do not make and specifically negate and disclaim any representations, warranties, promises, covenants, agreements or guaranties or any kind or character whatsoever, whether express or implied, oral or written, past, present, or future of, as to, concerning or with respect to (a) the value, nature, quality or condition of the Property, including, without limitation, the water, soil, or geology, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, (d) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, (e) the habitability, merchantability, marketability, profitability or fitness for a particular use or purpose of the Property, (f) the manner or quality of the construction or materials, if any, incorporated into the Property, (g) the manner, quality, state of repair or lack of repair of the Property, or (h) any other matter with respect to the Property, and specifically, that the foregoing persons and entities have not made, do not make and specifically disclaim any representation regarding compliance with any environmental protection, pollution or land use laws, rules, regulation, orders or requirements, including the disposal or existence, in or on the Property, of any hazardous materials; that Buyer has not relied upon representations, warranties, guarantees or promises or upon any statements made or any information provided concerning the property including but not limited to ads, brochures, website materials, signs, maps and sale day comments and instead has determined to make Buyer's bid after having made and relied solely on Buyer's own independent investigation, inspection, analysis, and evaluation of the Property and the facts and circumstances related thereto; and that no warranty has arisen through trade, custom or course of dealing with Buyer. ANY INSPECTIONS, REPORTS, PROPERTY INFORMATION OR SURVEYS MADE AVAILABLE TO BUYER PRIOR TO OR AT THE SALE WERE FOR 'GENERAL INFORMATIONAL PURPOSES' ONLY AND ARE NOT, AND WILL NOT, BE RELIED UPON AS A REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED.

11. INDEMNIFICATION OF BROKER AND CLOSER: Seller and Buyer jointly and severally agree to indemnify and hold Closer and Broker harmless against any and all losses, claims, damages or liabilities and expenses not resulting from Broker or Closer's bad faith or gross negligence, including costs of investigation, attorney fees, and disbursements, which may be imposed upon or incurred by Broker or Closer hereunder relative to the performance of their duties related to the Parties or the Property, including without limitation any litigation arising

from or in respect of this Contract or the transactions contemplated hereby. Closer and Broker shall not be liable for any error of judgment or for any act done or omitted by them in good faith. Closer and Broker are authorized to act on any document believed by them in good faith to be executed by the proper party or parties, and will incur no liability in so acting. Closer and Broker are in all respects and for all purposes third party beneficiaries of this Contract to the extent that this Contract would entitle them to rights or benefits if they were signatory parties hereto, and each of them is entitled to enforce such rights and benefits, as herein provided, to the same extent they would be entitled if they were such signatory parties.

12. INTERPRETATION AND EFFECT OF THIS CONTRACT: The Parties agree this Contract shall be binding upon and inure to the benefit of their heirs, legal representatives and successors; sets forth their understanding and supersedes all previous negotiations, representations and agreements between them and their agents; can only be amended or modified by a written agreement signed by both Parties; no amendment affecting Broker or Closer may be made in the absence of the prior written consent of the affected person; if any provision of this Contract is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Contract shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Contract and the remaining provisions of this Contract shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Contract; and furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid or enforceable.

13. AGENCY DISCLOSURE: The Parties expressly agree and acknowledge that BROKER REPRESENTS SELLER ONLY, as previously disclosed to both Parties at first contact; that the identity of Broker's principal, the Seller, was available to the Buyer at all times prior to the auction; that both Parties shall indemnify and hold the other and Broker (unless previously approved in writing by Broker) harmless from any claim for a commission or other compensation of any broker or agent other than Broker purporting to have represented or assisted them.

14. LEAD-BASED PAINT AND/OR LEAD-BASED PAINT (for Pre-1978 housing only) AND OTHER HAZARDS DISCLOSURES:

Lead Warning Statement Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure As evidenced by Seller's signature herein Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing and has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Buyer's Acknowledgment As evidenced by Buyer's signature herein Buyer has received copies of all information listed above, including the Exhibits attached, and has received a 10-day opportunity prior to the auction to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, or other property specific issues and/or has waived the opportunity to conduct a risk assessment or such inspections.

Agent's Acknowledgment As evidenced by Broker's name hereon Broker (Agent) has informed the seller of seller's obligations under 42 U.S.C. 4852d and is aware of its responsibility to ensure compliance.

Mold Statement There are many types of mold. Inhabitable properties are not, and cannot be, constructed to exclude mold. Information about controlling mold growth may be available from your county extension agent or health department. Certain strains of mold may cause damage to property and may adversely affect the health of susceptible persons, including allergic reactions that may include skin, eye, nose, and throat irritation. The seller, seller's agent, and Auctioneer cannot and does not represent or warrant the absence of mold. It is the buyer's obligation to determine whether a mold problem is present and to remediate such.

Certification of Accuracy The Parties have reviewed the information above and hereby certify as evidenced by their signatures herein on the date herein that to the best of their knowledge the information they have provided is true and accurate.

NOTICE Institutional and Fiduciary Sellers (courts, government agencies, banks and trustees) have not occupied the property and have NO information to provide for disclosure. Properties are sold 'As Is - Where Is' and should be fully inspected prior to bidding on. SELLER AND BROKER AND/OR AUCTION COMPANY HAVE NO KNOWLEDGE OF THE SUBJECT PROPERTY OR ITS FIXTURES OR CONDITION AND ARE NOT RESPONSIBLE FOR SUCH.

Exhibit A
Legal Description
For the Contract for Sale of Commercial Real Estate at Auction

The west 117 feet of Lots 11 and 12 in Block 19 in the City of Ouray, State of Colorado, together with all and singular the buildings and other improvements thereon and thereabout situated, known as the Hess Block.

Exhibit B
Preliminary Title Commitment Encumbrances
For the Contract for Sale of Commercial Real Estate at Auction

SEE ATTACHED

COMMITMENT FOR TITLE INSURANCE

ISSUED BY

agent for

First American Title Insurance Company

AGREEMENT TO ISSUE POLICY

FIRST AMERICAN TITLE INSURANCE COMPANY, referred to this Commitment as the Company, through its agent, identified above, referred to in this Agreement as the Agent, agrees to issue a policy to you according to the terms of this Commitment. When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the Commitment Date shown in Schedule A.

If the Requirements shown in this Commitment have not been met within six months after the Commitment date, our obligation under this Commitment will end. Also our obligation under this Commitment will end when the Policy is issued and then our obligation to you will be under the Policy.

Our obligations under this Commitment is limited by the following:

The Provisions in Schedule A.

The Requirements in Schedule B-1.

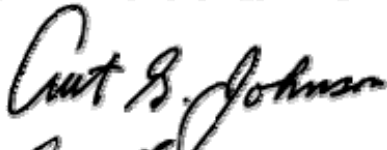
The Exceptions in Schedule B-2.

The Conditions on the reverse side of this page.

This Commitment is not valid without SCHEDULE A and Sections 1 and 2 of SCHEDULE B.

First American Title Insurance Company

BY



PRESIDENT

ATTEST



SECRETARY



CONDITIONS

1. DEFINITIONS

(a) "Mortgage" means mortgage, deed of trust or other security instrument.

(b) "Public Records" means title records that give constructive notice of mailers affecting the title according to the state law where the land is located.

2. LATER DEFECTS

The Exceptions in Schedule B - Section 2 may be amended to show any defects, liens or encumbrances that appear for the first time in public records or are created or attached between the Commitment Date and the date on which all of the Requirements of Schedule B - Section 1 are met. We shall have no liability to you because of this amendment.

3. EXISTING DEFECTS

If any defects, liens or encumbrances existing at Commitment Date are not shown in Schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

4. LIMITATION OF OUR LIABILITY

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

comply with the Requirements shown in Schedule B - Section 1

or

eliminate with our written consent any Exceptions shown in Schedule B - Section 2.

We shall not be liable for more than the Policy Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

5. CLAIMS MUST BE BASED ON THIS COMMITMENT

Any claim, whether or not based on negligence, which you may have against us concerning the title to the land must be based on this Commitment and is subject to its terms.

6. The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.



First American Title Insurance Company

INFORMATION

The Title Insurance Commitment is a legal contract between you and the company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The Policy will insure you against certain risks to the land title, subject to the limitations shown in the Policy.

The Company will give you a sample of the Policy form, if you ask.

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions.

THIS INFORMATION IS NOT PART OF THE TITLE INSURANCE COMMITMENT.

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YOU SHOULD READ THE COMMITMENT VERY CAREFULLY.

If you have any questions about the Commitment, please contact the issuing office.

SCHEDULE A

- | | |
|--|---------------------------|
| 1. Commitment Date:
6/04/2013 at 8:00AM | Commitment No. 335815WWTF |
| 2. Policy or Policies to be issued: | Policy Amount |
| (a) Owners Policy
Proposed Insured: | \$ |
| (b) Loan Policy
Proposed Insured: | \$ |
| (c) Proposed Insured: | \$ |
3. The **Fee Simple** interest in the land described in this Commitment is owned, at the Commitment Date by Ouray Hotel Properties, LLC
4. The land referred to in this Commitment is described on Schedule C.

This Commitment for Title Insurance is issued in contemplation of the issuance of a policy, or policies, of title insurance and Progressive Land Title Agency, Ltd., and/or First American Title Insurance Company (hereinafter "First American") shall have no obligation outside the terms of this commitment. Specifically, any title search or examination conducted by Progressive Land Title Agency, Ltd. as a basis for issuing this commitment shall be for the benefit of Progressive Land Title Agency, Ltd. and First American only, and does not insure to the benefit of any other party, including any seller, purchaser or lender.

In event any proposed insured under this commitment fails to acquire, or elects not to acquire, a final title policy prior to the expiration date of the commitment, said proposed insured shall have no cause of action or recourse against Progressive Land Title Agency, Ltd. or First American and in no event shall any proposed insured have any claim or cause of action against Progressive Land Title Agency, Ltd. or First American based on the title search or examination. By accepting the within commitment, the proposed insured, along with any other parties to the contemplated transaction, consents to and agrees with the foregoing.

SCHEDULE B – Section 1

Requirements

The following requirements must be met:

1. Pay the agreed amounts for the interest in the land and/or for the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. The following documents satisfactory to us must be signed, delivered and recorded:
 - a) Obtain and submit to the Company for recording a properly executed and recordable General Warranty Deed from **Ouray Hotel Properties, LLC** to **To Be Furnished**, conveying the premises described in Scheduled A.
 - b) Obtain and submit to the Company for recording a properly executed and recordable Mortgage Deed from **To Be Furnished**, in the amount of \$ **To Be Furnished** to **To Be Furnished** conveying the premises described in Schedule A.
 - c) Payment and satisfaction of any Mortgage(s) and/or encumbrance(s) listed on Schedule B, Section Two of this Commitment.
4. When the proposed insured(s) is(are) identified, additional requirements and/or exceptions may be made.
5. Submit to the Company the Operating Agreement, including any amendments thereto, of Ouray Hotel Properties, LLC and the Certificate from the appropriate offices in its state of domicile evidencing proper filing of the Articles of Organization.
6. Submit to the Company the Membership Resolution, signed by all Members of Ouray Hotel Properties, LLC, approving the sale of the premises herein described in Schedule A, and directing the proper authority to execute the contract and deed, along with any and all closing documents on behalf of the limited liability company.

SCHEDULE B – Section 2

Exceptions

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction:

1. Taxes and Assessments, not certified to the Treasurer's Office.
2. Any facts, rights, interests or claims which are not shown by the public records, but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easements, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the land would disclose, and which are not shown by the public records.
5. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Any and all unpaid taxes, assessments and unredeemed tax sales.
7. Any water rights or claims or title to water, in, or under the land.
8. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof.
9. Taxes and assessments for the year 2013 and subsequent years are a lien not yet due and payable.
10. Ouray County taxes and assessments for the year 2012, on premises described in Schedule "A", for Parcel No. R001013, as follows:

1st installment, in the amount of \$6,007.27 is PAID. (Due Date: February 28)

2nd installment, in the amount of \$6,007.27 is PAID. (Due Date: June 15)

NOTE: Taxes can be paid in the installment amounts shown above, or one payment of the full amount due can be paid by April 30.

For information only:
Ouray County Treasurer
Ouray County Courthouse
541 4th Street
Ouray, CO 81427
Phone: 970-325-4487

11. Lease Agreement by and between Oray Hotel, LLC (Tenant) and City of Ouray (Landlord) dated June 5, 2000 and recorded July 10, 2000 as Reception No. 172660 of Ouray County Records.
12. Utilities Easement Agreement by and between Dale Stanislawski, Ouray Hotel Properties, LLC and Linda Wright-Minter Revocable Trust, Roscoe Fox, dated January 20, 2011 and recorded May 6, 2011 as Reception No. 205366 of Ouray County Records.
13. Recital contained in the Deeds recorded January 23, 1990 in Book 210, Page 912 and September 14, 1999 as Reception No. 170660 of Ouray County Records.

Being shown for information only:

- a. Ouray Hotel Properties, LLC acquired title from Dale John Stanislawski by Quit Claim Deed dated September 10, 1999 and recorded September 14, 1999 as Reception No. 170660.
- b. Dale John Stanislawski acquired title from Casimir J. Stanislawski and Elizabeth Stanislawski by Deed dated June 17, 1974 and recorded January 23, 1990 in Book 210, Page 912.
- c. Casimir J. Stanislawski and Elizabeth Stanislawski acquired title from Edith M. Stephens, Angelo L. Zanett, Fred E. Zanett and Bruno Gordon Zanett by Quit Claim Deed dated October 16, 1971 and recorded December 7, 1971 in Book 169, Page 409.

SCHEDULE C

The land referred to in Schedule A is situated in the State of Colorado, County of **Ouray** and is described as follows:

The west 117 feet of Lots 11 and 12 in Block 19 in the City of Ouray, County of Ouray, State of Colorado, together with all and singular the buildings and other improvements thereon and thereabout situated, known as the Hess Block.

Exhibit C
Leases
For the Contract for Sale of Commercial Real Estate at Auction

SEE ATTACHED

Lease Information:

All leases are NNN leases. Tenants are responsible for utilities, taxes and maintenance.

Space #	Sq Ft	Rent/mo	Lease Terms	# of years as Tenant
305	1,000+/-	\$500	Expires 12/21/13	1 year
309	1,250+/-	\$600	MTM	2 years
541	1,800+/-	\$900	MTM	10 years (new space 5)
545	1,800+/-	\$1,000	Expires 10/31/18	1 year (business for 8 yrs)

No lease available for space 541, Silver Linings. They have been in their current space for 5 years. That space is 1,800+/- square feet and their rent is \$900/mo. They are month-to-month.

Mountain Management
P.O. Box 752
Telluride, CO 81435

LEASE AGREEMENT

This lease is made and entered into effective the first day of January, 2013, by and between Ouray Hotel Properties, LLC, P.O. Box 1862, Ouray, Colorado, 81427, ("Landlord") and Steve Swenson, Ouray Realty and Investments, Ouray, Colorado, 81427 ("Tenant")

1. Leased Premises

Landlord hereby leases to Tenant and Tenant hereby rents from Landlord on the terms and conditions expressed in this Lease the space described as follows: 305 6th Avenue, Ouray, Co. 81427.

All of the foregoing shall be collectively "the leased premises".

2. Term

This lease shall be for a period of (1) year, beginning ~~January 1, 2013~~ ^{+ 15 Days December 16, 2012}, ending on December 31, 2013. There will be an option of additional renewals

DS
A

3. Rent

Tenant agrees to pay Landlord the total of all rents as provided herein, payable on the first of the month. Rent shall be \$ 500.00 a month beginning on ~~January 1, 2013~~ ^{Dec 16, 2012}.

^{↑ 250 - Dec 16 - 31, 2012} ~~Dec 10, 2012~~

In the event Landlord's expenses increase due to Tenant's particular use of leased premises, Tenant's monthly rent shall be increased in an amount sufficient to offset all of those increased costs

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If any rent payment or other charge imposed on Tenant pursuant to this Agreement is not received when due, Landlord may, at its sole option, assess a late payment charge of fifteen dollars (\$15), in addition to the rent and all other charges due, for each day in which the payment is late

All rental payments are deemed earned at the commencement of this lease. In the event Tenant vacates the rented space during a period for which rent has already been paid, Tenant shall not be entitled to any refund of rent or other charges

4. Tenant's Obligations

Tenant agrees to use the premises solely for the purpose of conducting thereon the business of Ouray Realty and Investments, Rentals and Property Mangement, and for no other purpose whatsoever without the prior written consent of the Landlord.

During the term of this agreement, Tenant agrees, at its own expense to do or perform all of the following obligations:

- (a) To promptly pay the rent set forth therein and all tax, utility, trash removal, recycling, water, sewerage and other bills or charges, including late payment fees, rendered to Tenant, it being specifically understood that this paragraph applies to bills submitted to Tenant by Landlord;
- (a-1) To promptly pay all real property taxes assessed against the leased premises in two (2) equal payments due on February 20 and June 8, during the period of occupancy and in the year levied, on receipt of such bill from Landlord. All payments should be made out to the "Ouray County Treasurer" and delivered to Landlord on or before the dates set forth in this paragraph.
- (b) To store all trash and refuse in appropriate containers and to attend to the daily disposal thereof as designated by Landlord and to dispose of recyclable materials while same is in operation;
- (c) To conform to all reasonable rules and regulations which Landlord may make regarding the management and use of the Ouray Hotel Properties LLC, and to require Tenant's employees to abide by same;
- (d) To keep the leased premises and all adjacent or surrounding sidewalks, curbs, fire escapes, entry, halls and other areas, including stairs, and all interior ceilings, floors, walls, doors and windows and all equipment (including electrical, mechanical, plumbing, heating and fire protection systems), facilities, furnishings, and fixtures located in or adjacent to the leased premises clean, neat and in good order, repair, and condition (including painting, decorating, and repair and replacement of any damaged floors or floor coverings, walls, ceilings, windows or doors) and further to maintain same in accordance with all applicable governmental laws, codes, regulations or orders, provided however, that Tenant agrees not to make any permanent alterations or additions or changes of any sort whatsoever in or to the leased premises without Landlord's prior written consent to same. Any remodeling of the upstairs, or significant changes of the space shall be discussed with the Landlord PRIOR to Tenant beginning an such work on the building and shall be done entirely at Tenants expense, unless Tenant purchases the building from Landlord;
- (e) To keep the sidewalks in front of and around the leased premises including any sidewalks used to gain access to 6th avenue and all means of egress to or from the premises free and clean of ice, snow, litter, dirt, debris, or any obstructions including sidewalk signs (except for signs permitted by the City of Ouray). Snow and ice removal must be maintained, according to City of Ouray ordinance, at Tenant's expense. This must occur even during months of Tenant's absence or seasonal operations. Failure to follow strict guidelines, as set forth by the Ordinance, may result in a fine or fee attached to monthly rent, or may constitute a violation of this Lease;
- (f) To operate its business in strict conformity with any laws, codes, or regulations of any governmental body applicable to Tenant or its business;
- (g) To procure any licenses or permits required by any governmental authority for the conduct of Tenant's business, including any permits for the installation or construction of any improvements, equipment, or fixtures in the premises;

- (h) To promptly pay when due any and all taxes or levies imposed upon Tenant's business operation and/or its personal property in the leased premises and to promptly pay when due the entire cost of any work performed in or on the leased premises, including costs of equipment, facilities, and/or fixtures therein, so that the leased premises shall at all times be free of any liens for taxes, labor or materials relating to work performed for Tenant;
- (i) To indemnify and hold Landlord harmless from any and all claims of injury, death, loss, or damage (including damage to the Ouray Hotel Properties LLC or other leased premises therein) arising out of, or connected in any way with, any work performed on the premises or arising out of any accident or injury occurring on the leased premises, whether or not said accident or injury is claimed to be due in any way to the Tenant's fault or negligence, and to maintain in a form and amount acceptable to Landlord, and with companies acceptable to Landlord, liability and property insurance, including coverage for injury or death, in an amount not less than \$500,000 per person and \$1,000,000 per incident and for damage to property, including damage to the Ouray Hotel Properties, LLC in an amount of not less than \$500,000, proof of which shall be provided to Landlord on or before the effective date hereof and at any other time at Landlord's request. Any such policy shall provide that it may not be canceled for any reason without thirty (30) days prior notice to Landlord. Tenant further agrees that Landlord shall be an additional named insured under all such insurance policies and shall provide Landlord a certificate of insurance evidencing same. Failure to carry insurance throughout the entire year, including months not in operation will not be tolerated, and may at Landlord's sole discretion, invalidate this Lease. Tenant further agrees to be solely responsible for any loss or damage to the leased space or to Tenant's stock in trade, furniture, furnishings, materials or supplies, fixtures and/or equipment resulting from fire or any other perils and agrees to waive, for themselves and their insurers, any right of subrogation against Landlord or its insurer;
- (j) To neither hold nor attempt to hold Landlord liable for any injury or damage occurring because of, or caused by, any repairs, alterations, injury or accident to the leased premises, any adjacent premises or any other parts of the building not leased hereunder, or by reason of the negligence or default of the owners or occupants thereof, of Landlords or of any other persons, nor liable for any injury or damage occasioned by defective electric wiring, or the breaking or stoppage of plumbing or sewage or heating or by any other cause of any sort whatsoever;
- (k) To permit Landlord and its agent or invitee to enter upon the leased premises at reasonable times for the purpose of inspecting the same and/or making repairs to the building and/or to show the leased premises to prospective purchasers, lenders, or tenants; and further to provide Landlord a key to Tenant's premises;
- (l) To pay on demand Landlord's expense (including costs, expenses or attorneys fees of litigation) incurred in enforcing any obligation of Tenant under this Lease or in making any repairs to the leased premises which are the obligation of the Tenant to make, but which the Tenant fails or refuses to make;
- (m) To immediately notify Landlord of any fire or damage to or in the leased premises or any claim against Tenant relating to Tenant's operation of the leased premises; And to not use the fireplace, as it is decorative only.

- (n) To refrain from: causing injury, overloading, defacing, or other harm to the leased premises; or any part thereof including light and other fixtures, or committing any nuisance; or permitting the emission of objectionable noise, substance, or odor from or on the leased premises; or in any way obstructing the sidewalks, hallways, stairs or passages or access to the leased premises or to the Ouray Hotel Properties LLC or conducting its business in any way which might tend to injure the Ouray Hotel Properties LLC; or from storing any hazardous, flammable, explosive or dangerous materials in, on or around the leased premises; or from permitting any condition to occur or continue in or around the leased premises which, in Landlord's sole opinion, may cause any harm to the leased space or any other part of the building; and
- (o) Tenant further agrees that neither it nor its employees nor any persons or companies making deliveries to it shall park trucks or vehicles outside the leased premises so as to interfere with access either to the leased premises or to other parts of the Ouray Hotel Properties, LLC, for any unreasonable period.

5. Assignment/Subletting

This Lease may not be assigned by Tenant nor may the leased premises be sublet by Tenant.

6. Landlord's Obligations

During the term of this Lease, Landlord shall be obligated to:

- (a) Pay all real property taxes assessed against the Ouray Hotel Properties LLC, including the leased premises; provided, however, that Landlord shall bill Tenant and Tenant shall pay to Landlord on receipt of such bill. Payment may be a single lump sum or in two payments, as Landlord determines. Further, in the event property taxes increase due to any bonds passed, alterations made, or improvements to Tenant's space, Tenant shall pay such increase in a single lump sum or in two payments, as Landlord determines;
- (b) Provide at Landlord's cost a heating system of Landlord's choosing to heat the leased premises only, not the additional space or spaces that are being considered for remodel by the Tenant. Tenant shall be responsible for the cost of operation and maintenance of said system.
- (c) Maintain in at least its present condition the exterior of the building including all electrical, mechanical and plumbing connections to the leased premises but which are located outside thereof, the exterior of the walls and roof (but not including the windows, doors, or sidewalks, or the interior of the walls, floors and ceilings, including all light fixtures, the maintenance and repair of which are solely Tenant's obligation);
- (d) Carry sufficient fire and extended coverage insurance on the leased premises to cover the cost of rebuilding or repairing the leased premises in the event of total or partial destruction thereof, provided, however, that it shall be within Landlord's sole discretion to determine whether or not the leased premises should be repaired or rebuilt in the event of total or partial destruction;

- (e) During the term of this Lease, on Tenant's payment of rent and performing all Tenant's obligation hereunder, to permit Tenant to peaceably and quietly have, hold, and enjoy the use of the leased premises throughout the Lease term or until it is terminated as provided below;

7. Improvements

All improvements or changes of any sort made upon the leased premises, whether or not of a permanent nature, including the installation of any fixtures, and specifically including, but not limited to, any items fastened in any way to the structure, walls, floor, ceiling, plumbing or wiring of the building, whether or not such items can be removed without damaging the leased premises, shall be the property of the Landlord at the expiration of this Lease, and the Landlord shall be under no obligation to reimburse the Tenant for any sums of money expended in making improvements on the leased premises

Any property left by Tenant on the premises on Tenant's vacating same, whether or not the same is an improvement, shall be deemed abandoned by Tenant and the same shall become Landlord's sole property.

Tenant shall be responsible for the cost of completing or modifying the rented space for Tenant's own use including cost of any flooring, plumbing, electrical or other improvements above and beyond those already in place. All electrical and plumbing work shall be performed by a licensed craftsman approved by Landlord.

8. Damage to Premises

Should the leased premises be destroyed or rendered totally or partially uninhabitable during the Lease term through no act or fault of the Tenant, whether by fire, flood, wind, act of God, or otherwise, then this Lease may be terminated by the Tenant, at his/her option, unless the Landlord, at his own expense, reconstructs the premises and renders it suitable for the Tenant's business within a period of one hundred twenty (120) days, it being understood by the parties hereto that the rental shall be abated during the period of time when the premises are rendered totally or partially uninhabitable or unsuitable for the Tenant's business in proportion to the amount of space rendered unusable.

If the premises are damaged in any way by, or as a result of, any act or omission of Tenant, Tenant shall be solely responsible for any such loss or damage suffered by Landlord resulting from Tenant's act or omission.

9. Subordination

This Lease shall be subject and subordinated to any mortgage or trust deeds that are, or may hereafter be, placed on the Ouray Hotel Properties LLC on the leased premises.

10. Condemnation

In the event all or part of the leased premises shall be taken by right of eminent domain, or in the event the Landlord makes a conveyance of all or part of the leased premises in lieu of

taking by eminent domain, then this Lease shall, at the option of the Landlord, be terminated. In such event, Tenant shall be relieved of any further obligation to make rental payments to the Landlord (except for rental payments past due) and Tenant shall have the right to remove from the leased premises any personal property not belonging to the Landlord pursuant to Paragraph 7 hereof. In the event of any taking of all or any part of the leased premises by right of eminent domain or by conveyance in lieu of such taking, Landlord shall receive the entire award or price, regardless of its nature or the nature of the interest for which it is designed to compensate, which the condemning or taking governmental authority pays as a result of its condemnation.

11. Default

If any of the rent specified above, including any charges or fees imposed upon Tenant pursuant to this Lease, shall be in arrears, or if Tenant shall fail to fulfill any obligation imposed by this Lease, Landlord, at its sole option, may declare the Lease term ended and enter into the leased premises or any part thereof, either with or without process of law, and expel, remove, and put out Tenant or any person or persons occupying the premises, at Tenant's expense, using such force as may be necessary to do so, without being liable to prosecution or damage therefore, and to repossess and enjoy the leased premises. This shall be done in accordance with the Colorado F.E.D. statute. If, at any time, the Lease term shall be ended, the Tenant hereby agrees to immediately surrender and deliver up the premises peacefully to Landlord and to be liable for any damage or injury to Landlord caused by Tenant's failure to surrender the premises. It is specifically understood that Landlord's right to re-enter and re-take the premises shall be in addition to, and shall not in any way limit, Landlord's other remedies provided by law or elsewhere herein.

Should Landlord elect to re-enter as provided herein, or should he take possession pursuant to any notice provided for or by law or otherwise, he may, without terminating this Lease, expel Tenant from the premises and re-let or re-lease the same or any parts thereof, at such rental and upon such terms and conditions as Landlord, at his sole discretion, may deem advisable. No such re-letting or re-leasing of the leased premises by the Landlord shall be construed as an election on Landlord's part to terminate or cancel the Lease, unless Landlord has expressly so stated its intent in writing delivered to Tenant, or shall any such re-letting relieve Tenant from liability to Landlord for rent, or for any damages, of whatsoever type or nature, which Landlord may suffer or incur as a result of Tenant's breach of the terms of this Lease.

In addition to the foregoing remedies, if Tenant should fail to satisfy any of its obligations hereunder, Landlord may, at its sole discretion, close Tenant's business and prohibit the same from operating until such default is cured. Tenant's obligation to pay rent shall not be affected by any such closure.

In the event Tenant fails to pay rent or other charges as provided herein, Landlord may give Tenant a three day notice (demand for possession or compliance) without in any way terminating this Lease or releasing Tenant from its continued obligation to pay rent and charges as provided herein. After giving such notice, Tenant shall continue to be obligated to pay all rent and other charges until the expiration of the Lease as stated on its face or until the premises are re-let by Landlord, whichever occurs first. It is the specific intention of the parties by agreeing to this provision that Landlord shall not in any way be disadvantaged by virtue of Tenant's failure to pay rent and charges as and when due.

12. Vacation of Premises

On expiration of the term of this Lease, Tenant agrees to vacate the premises and to surrender and deliver up possession of the same to Landlord in as good condition and repair as the same were at the time the Lease was signed, ordinary wear and tear excepted. In addition, at the expiration of the Lease term or on Tenant's vacating of the leased space, Tenant shall have the carpet and/or flooring in the leased space commercially cleaned and shall provide Landlord written proof thereof prior to receiving any return of security deposit. Landlord acknowledges the high degree of wear on existing floors, and that carpet does not exist in this leased area. In the event the leased premises are damaged beyond ordinary wear and tear, Tenant agrees to immediately pay Landlord that amount of money which will be necessary to restore the leased premises to their former condition. In the alternative, Landlord may deduct the cost of repairing or restoring same from the security deposit provided herein. Landlord may charge \$20 per hour for any time cleaning or repairing the leased premises after it is vacated by Tenant.

Tenant may continue in possession of the leased premises after the expiration of this Lease term only with the prior written consent of the Landlord. Should Tenant continue in possession of the leased premises after the expiration of this Lease, but without a written extension or renewal thereof, such possession shall not create or extend any rights to continued occupancy by Tenant of the leased premises. The parties further agree that during any such holdover period, Tenant shall pay to Landlord as liquidated damages for Tenant's failure to vacate, twice the monthly rental last paid by Tenant for each month or partial month Tenant holds over.

13. Insolvency

If the Tenant seeks to be declared insolvent or bankrupt, or if any assignment of property is made by or for Tenant for the benefit of creditors or others, or if Tenant's leasehold interest herein shall be levied upon under execution, or taken by virtue of any writ, order, or legal process, or if receiver is appointed for Tenant, Landlord may, at his sole option, immediately, with or without notice, terminate and cancel this Lease and immediately take possession of the leased premises without any forfeiture of obligations of the Tenant previously accrued under this Lease.

14. Lien for Payment of Rent

Tenant hereby grants Landlord a lien upon any and all personal property of Tenant (including, but not limited to inventory, displays, equipment) which is, or in the future may be, located upon the leased premises to secure Tenant's obligation to pay rent, including all charges assessed against Tenant pursuant to this Lease. In the event of a failure by Tenant to pay any part of the rent or other obligations hereunder, Landlord may, without notice or demand, go upon the leased premises and take and sell such property to satisfy said obligation with or without legal process. Any such sale by Landlord may be at either public or private sale and shall be after publication of one notice in the Ouray County Plaindealer at least one week prior to such sale. Any excess of proceeds from the sale above and beyond that amount which Tenant then owes Landlord shall be held by Landlord for the account of Tenant and shall be remitted to Tenant as soon as practicable.

15. Waiver

The failure of the Landlord to insist upon strict performance of any of the obligations, covenants, or agreements contained in this Lease, or the failure of the Landlord at any time to exercise any option, privilege, or right granted to Landlord hereunder or pursuant to law shall not be construed as a waiver, relinquishment, or release of any such rights nor shall it be deemed or taken as a waiver of any prior or succeeding breach. No payment by Tenant or receipt by Landlord of an amount less than the amount Tenant is obligated to pay hereunder shall be deemed or considered to be an accord or satisfaction, and Landlord may accept such payment without prejudice to Tenant's rights to recover the balance of such rent or obligation.

16. Successors and Assigns

This Lease shall be binding upon, and inure to the benefit of, heirs, successors, and assigns of the Landlord and of the Tenant subject to the prohibition against assignment or subletting by Tenant contained herein.

17. Guarantees

It is expressly understood and agreed between the parties that each and every one of Tenant's obligations under this Lease is personally guaranteed by those persons who have signed as guarantors and may be enforced against the guarantors without prior notice to, or demand of, any other signatory to this Agreement.

18. Security

Tenant shall deposit with Landlord a sum equal to one month's rent at signing of this Lease, to be held by the Landlord as security for Tenant's faithful performance of all obligations hereunder and for repair or any damage or any cleanup of the leased premises after vacation by Tenant. Such deposit may be held by Landlord in any account maintained by Landlord. No interest shall be paid to Tenant on such deposit. On Tenant's vacating the leased premises, if Landlord is satisfied that the premises have been returned or surrendered in good condition, Landlord shall return the deposit to Tenant. If any cleaning or repairs of any sort whatsoever are required, Landlord may apply the deposit toward the cost of such repairs or cleaning. No part of the deposit is intended to be used as last month's rent. Failure of Tenant to pay last month's rent shall be an event of default allowing Landlord to avail itself of the rights it has to enforce the lien granted by this agreement in Tenant's goods.

*Received
\$500.00
on 12/10/12
for
Security
DS*

19. Entire Agreement

This Lease sets forth the full and complete understanding between Landlord and Tenant concerning the leased premises and there are no other covenants, promises, agreements, condition, or understandings, either oral or written, regarding the leased premises other than as set forth herein. It is further agreed that no provision in this Lease may be modified nor shall any understanding between the parties be effective, unless written and signed by both parties

20. Notice

Any notices required hereunder shall be given by delivery in person or by regular U.S. mail in which case notice will be effective on receipt.

In witness whereof, this Landlord and Tenant have signed this Lease this ____ day of _____, 20__

Landlord: 12/11/12
Ouray Hotel Properties, LLC
Dale Stanislawski
Dale J. Stanislawski/Manager/Owner

Tenant: 12/10/2012
[Signature]

Guarantors:

Ouray Realty
P.O. Box 77
Ouray CO 81427
970 708-2204

State of Colorado:
County of Ouray:

Be it remembered that on this ____ day of _____, 20__, the foregoing instrument was signed and acknowledged before me by _____ who attested that the signing and execution of this instrument was his/her/their free and voluntary act and deed.

In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid

Signature of Notary Public

My commission expires on _____

This lease is made and entered into effective the first day of July, 2011, by and between Ouray Hotel Properties, LLC, P.O. Box 1862, Ouray, Colorado, 81427, ("Landlord") and Ouray Dental Clinic, 309 6th Avenue, Ouray, Colorado, 81427 ("Tenant").

1. Leased Premises

Landlord hereby leases to Tenant and Tenant hereby rents from Landlord on the terms and conditions expressed in this Lease the space described as follows: 309 6th Avenue, Ouray City, Ouray County, State of Colorado.

All of the foregoing shall be collectively "the leased premises".

2. Term

This lease shall be for a period of one year, beginning July 1, 2011 and ending June 30, 2012. There is an option for yearly renewal for five years, by Tenant and Landlord.

3. Rent

Tenant agrees to pay Landlord the total of all rents as provided herein, payable in monthly installments of \$600.00 per month beginning July 1, 2011.

In the event Landlord's expenses increase due to Tenant's particular use of leased premises, Tenant's monthly rent shall be increased in an amount sufficient to offset all of those increased costs.

All installments of rent shall be payable in advance and are due no later than the first day of each month beginning July 1, 2011. If any rent payment or other charge imposed on Tenant pursuant to this Agreement is not received when due, Landlord may, at its sole option, assess a late payment charge of fifteen dollars (\$15), in addition to the rent and all other charges due, for each day in which the payment is late.

All rental payments are deemed earned at the commencement of this lease. In the event Tenant vacates the rented space during a period for which rent has already been paid, Tenant shall not be entitled to any refund of rent or other charges.

4. Tenant's Obligations

Tenant agrees to use the premises solely for the purpose of conducting thereon the business of "Ouray Dental Clinic" and for no other purpose whatsoever without the prior written consent of the Landlord.

During the term of this agreement, Tenant agrees, at its own expense to do or perform all of the following obligations:

(a) To promptly pay the rent set forth therein and all tax, utility, trash removal, recycling, water, sewerage and other bills or charges, including late payment fees, rendered to Tenant, it being specifically understood that this paragraph applies to bills submitted to Tenant by Landlord;

(b) To promptly pay all real property taxes assessed against the leased premises in two (2) equal payments due on February 20 and June 8 during the period of occupancy and in the

year levied, on receipt of such bill from Landlord. All payments should be made out to the "Ouray County Treasurer" and delivered to Landlord on or before the dates set forth in this paragraph.

- (c) To store all trash and refuse in appropriate containers and to attend to the daily disposal thereof as designated by Landlord and to dispose of recyclable materials at the Ouray Recycling Center while same is in operation;
- (d) To conform to all reasonable rules and regulations which Landlord may make regarding the management and use of the Ouray Hotel Properties, LLC and to require Tenant's employees by the same;
- (e) To keep the leased premises and all adjacent or surrounding sidewalks, curbs, fire escapes, entry, halls and other areas, including stairs, and all interior ceilings, floors, walls, doors and windows and all equipment (including electrical, mechanical, plumbing, heating and fire protection systems), facilities, furnishings, and fixtures located in or adjacent to the leased premises clean, neat and in good order, repair, and condition (including painting, decorating, and repair and replacement of any damaged floors or floor coverings, walls, ceilings, windows or doors) and further to maintain same in accordance with all applicable governmental laws, codes, regulations or orders, provided however, that Tenant agrees not to make any permanent alterations or additions or changes of any sort whatsoever in or to the leased premises without Landlord's prior written consent to same;
- (f) To keep the sidewalks in front of and around the leased premises including any sidewalks used to gain access to Main Street and all means of egress to or from the premises free and clean of ice, snow, litter, dirt, debris, or any obstructions including sidewalk signs (except for signs permitted by the City of Ouray). Snow and ice removal must be maintained, according to City of Ouray ordinance, at Tenant's expense. This must occur even during months of Tenant's absence or seasonal operations. Failure to follow strict guidelines, as set forth by the Ordinance, may result in a fine or fee attached to monthly rent, or may constitute a violation of this Lease;
- (g) To operate its business in strict conformity with any laws, codes, or regulations of any governmental body applicable to Tenant or its business;
- (h) To procure any licenses or permits required by any governmental authority for the conduct of Tenant's business, including any permits for the installation or construction of any improvements, equipment, or fixtures in the premises;
- (i) To promptly pay when due any and all taxes or levies imposed upon Tenant's business operation and/or its personal property in the leased premises and to promptly pay when due the entire cost of any work performed in or on the leased premises, including costs of equipment, facilities, and/or fixtures therein, so that the leased premises shall at all times be free of any liens for taxes, labor or materials relating to work performed for Tenant;
- (j) To indemnify and hold Landlord harmless from any and all claims of injury, death, loss, or damage (including damage to the Ouray Hotel Properties, LLC, herein) arising out of, or connected in any way with, any work performed on the premises or arising out of any accident or injury occurring on or adjacent to the leased premises, whether or not said accident or injury is claimed to be due in any way to the Tenant's fault or negligence, and to maintain in a form and amount acceptable to Landlord, and with companies acceptable to

- Landlord, liability and property insurance, including coverage for injury or death, in an amount not less than \$300,000 per person and \$300,000 per incident and for damage to property, including damage to the Ouray Hotel Properties, LLC, in an amount of not less than \$100,000, proof of which shall be provided to Landlord on or before the effective date hereof and at any other time at Landlord's request. Any such policy shall provide that it may not be canceled for any reason without thirty (30) days prior notice to Landlord. Tenant further agrees that Landlord shall be an additional named insured under all such insurance policies and shall provide Landlord a certificate of insurance evidencing same. Failure to carry insurance throughout the entire year, including months not in operation will not be tolerated, and may at Landlord's sole discretion, invalidate this Lease. Tenant further agrees to be solely responsible for any loss or damage to the leased space or to Tenant's stock in trade, furniture, furnishings, materials or supplies, fixtures and/or equipment resulting from fire or any other perils and agrees to waive, for themselves and their insurers, any right of subrogation against Landlord or its insurer;
- (k) To neither hold nor attempt to hold Landlord liable for any injury or damage occurring because of, or caused by, any repairs, alterations, injury or accident to the leased premises, any adjacent premises or any other parts of the building not leased hereunder, or by reason of the negligence or default of the owners or occupants thereof, of Landlords or of any other persons, nor liable for any injury or damage occasioned by defective electric wiring, or the breaking or stoppage of plumbing or sewage or heating or by any other cause of any sort whatsoever;
- (l) To permit Landlord and its agent or invitee to enter upon the leased premises at reasonable times for the purpose of inspecting the same and/or making repairs to the building and/or to show the leased premises to prospective purchasers, lenders, or tenants; and further to provide Landlord a key to Tenant's premises;
- (m) To pay on demand Landlord's expense (including costs, expenses or attorneys fees of litigation) incurred in enforcing any obligation of Tenant under this Lease or in making any repairs to the leased premises which are the obligation of the Tenant to make, but which the Tenant fails or refuses to make;
- (n) To immediately notify Landlord of any fire or damage to or in the leased premises or any claim against Tenant relating to Tenant's operation of the leased premises;
- (o) To refrain from: causing injury, overloading, defacing, or other harm to the leased premises; or any part thereof including light and other fixtures, or committing any nuisance; or permitting the emission of objectionable noise, substance, or odor from or on the leased premises; or in any way obstructing the sidewalks, hallways, stairs or passages or access to the leased premises or to the Ouray Hotel Properties, LLC, or conducting its business in any way which might tend to injure the Ouray Hotel Properties, LLC; or from storing any hazardous, flammables, explosive or dangerous materials in, on or around the leased premises; or from permitting any condition to occur or continue in or around the leased premises which, in Landlord's sole opinion, may cause any harm to the leased space or any other part of the building; and
- (p) Tenant further agrees that neither it nor its employees nor any persons or companies making deliveries to it shall park trucks or vehicles outside the leased premises so as to interfere with access either to the leased premises or to other parts of the Ouray Hotel Properties, LLC for any unreasonable period.

5. Assignment/Subletting

6. This Lease may not be assigned by Tenant nor may the leased premises be sublet by Tenant.

6. Landlord's Obligations

During the term of this Lease, Landlord shall be obligated to:

- (a) Receive Tenant's payment of all real property taxes assessed against the leased premises, and ensure on-time delivery of said payment to the Ouray County Treasurer.
- (b) Provide at Landlord's cost a heating system of Landlord's choosing to heat the leased premises, but Tenant shall be responsible for the cost of operation and maintenance of said system.
- (c) Maintain in at least its present condition the exterior of the building including all electrical, mechanical and plumbing connections to the leased premises but which are located outside thereof, the exterior of the walls and roof (but not including the windows, doors, or sidewalks, or the interior of the walls, floors and ceilings, including all light fixtures, the maintenance and repair of which are solely Tenant's obligation);
- (d) Carry sufficient fire and extended coverage insurance on the leased premises to cover the cost of rebuilding or repairing the leased premises in the event of total or partial destruction thereof, provided, however, that it shall be within Landlord's sole discretion to determine whether or not the leased premises should be repaired or rebuilt in the event of total or partial destruction;
- (e) During the term of this Lease, on Tenant's payment of rent and performing all Tenant's obligation hereunder, to permit Tenant to peaceably and quietly have, hold, and enjoy the use of the leased premises throughout the Lease term or until it is terminated as provided below; and;

7. Improvements

All improvements or changes of any sort made upon the leased premises, whether or not of a permanent nature, including the installation of any fixtures, and specifically including, but not limited to, any items fastened in any way to the structure, walls, floor, ceiling, plumbing or wiring of the building, whether or not such items can be removed without damaging the leased premises, shall be the property of the Landlord at the expiration of this Lease, and the Landlord shall be under no obligation to reimburse the Tenant for any sums of money expended in making improvements on the leased premises.

Any property left by Tenant on the premises on Tenant's vacating same, whether or not the same is an improvement, shall be deemed abandoned by Tenant and the same shall become Landlord's sole property.

Tenant shall be responsible for the cost of completing or modifying the rented space for Tenant's own use including cost of any flooring, plumbing, electrical or other improvements above and beyond those already in place. All electrical and plumbing work shall be performed by a licensed craftsman approved by Landlord.

8. Damage to Premises

Should the leased premises be destroyed or rendered totally or partially uninhabitable during the Lease term through no act or fault of the Tenant, whether by fire, flood, wind, act of God, or otherwise, then this Lease may be terminated by the Tenant, at his/her option, unless the Landlord, at his own expense, reconstructs the premises and renders it suitable for the Tenant's business within a period of one hundred twenty (120) days, it being understood by the parties hereto that the rental shall be abated during the period of time when the premises are rendered totally or partially uninhabitable or unsuitable for the Tenant's business in proportion to the amount of space rendered unusable.

If the premises are damaged in any way by, or as a result of, any act or omission of Tenant, Tenant shall be solely responsible for any such loss or damage suffered by Landlord resulting from Tenant's act or omission.

9. Subordination

This Lease shall be subject and subordinated to any mortgage or trust deeds that are, or may hereafter be, placed on the Ouray Hotel Properties, LLC on the leased premises.

10. Condemnation

In the event all or part of the leased premises shall be taken by right of eminent domain, or in the event the Landlord makes a conveyance of all or part of the leased premises in lieu of taking by eminent domain, then this Lease shall, at the option of the Landlord, be terminated. In such event, Tenant shall be relieved of any further obligation to make rental payments to the Landlord (except for rental payments past due) and Tenant shall have the right to remove from the leased premises any personal property not belonging to the Landlord pursuant to Paragraph 7 hereof. In the event of any taking of all or any part of the leased premises by right of eminent domain or by conveyance in lieu of such taking, Landlord shall receive the entire award or price, regardless of its nature or the nature of the interest for which it is designed to compensate, which the condemning or taking governmental authority pays as a result of its condemnation.

11. Default

If any of the rent specified above, including any charges or fees imposed upon Tenant pursuant to this Lease, shall be in arrears, or if Tenant shall fail to fulfill any obligation imposed by this Lease, Landlord, at its sole option, may declare the Lease term ended and enter into the leased premises or any part thereof, either with or without process of law, and expel, remove, and put out Tenant or any person or persons occupying the premises, at Tenant's expense, using such force as may be necessary to do so, without being liable to prosecution or damage therefore, and to repossess and enjoy the leased premises. If, at any time, the Lease term shall be ended, the Tenant hereby agrees to immediately surrender and deliver up the premises peacefully to Landlord and to be liable for any damage or injury to Landlord caused by Tenant's failure to surrender the premises. It is specifically understood that Landlord's right to re-enter and re-take the premises shall be in addition to, and shall not in any way limit, Landlord's other remedies provided by law or elsewhere herein.

Should Landlord elect to re-enter as provided herein, or should he take possession pursuant to any notice provided for or by law or otherwise, he may, without terminating this Lease, expel Tenant from the premises and re-let or re-lease the same or any parts thereof, at such rental and upon such terms and conditions as Landlord, at his sole discretion, may deem

advisable. No such re-letting or re-leasing of the leased premises by the Landlord shall be construed as an election on Landlord's part to terminate or cancel the Lease, unless Landlord has expressly so stated its intent in writing delivered to Tenant, or shall any such re-letting relieve Tenant from liability to Landlord for rent, or for any damages, of whatsoever type or nature, which Landlord may suffer or incur as a result of Tenant's breach of the terms of this Lease.

In addition to the foregoing remedies, if Tenant should fail to satisfy any of its obligations hereunder, Landlord may, at its sole discretion, close Tenant's business and prohibit the same from operating until such default is cured. Tenant's obligation to pay rent shall not be affected by any such closure.

In the event Tenant fails to pay rent or other charges as provided herein, Landlord may give Tenant a three day notice (demand for possession or compliance) without in any way terminating this Lease or releasing Tenant from its continued obligation to pay rent and charges as provided herein. After giving such notice, Tenant shall continue to be obligated to pay all rent and other charges until the expiration of the Lease as stated on its face or until the premises are re-let by Landlord, whichever occurs first. It is the specific intention of the parties by agreeing to this provision that Landlord shall not in any way be disadvantaged by virtue of Tenant's failure to pay rent and charges as and when due.

12. Vacation of Premises

On expiration of the term of this Lease, Tenant agrees to vacate the premises and to surrender and deliver up possession of the same to Landlord in as good condition and repair as the same were at the time the Lease was signed, ordinary wear and tear excepted. In addition, at the expiration of the Lease term or on Tenant's vacating of the leased space, Tenant shall have the carpet and/or flooring in the leased space commercially cleaned and shall provide Landlord written proof thereof prior to receiving any return of security deposit. In the event the leased premises are damaged beyond ordinary wear and tear, Tenant agrees to immediately pay Landlord that amount of money which will be necessary to restore the leased premises to their former condition. In the alternative, Landlord may deduct the cost of repairing or restoring same from the security deposit provided herein. Landlord may charge \$20 per hour for any time cleaning or repairing the leased premises after it is vacated by Tenant.

Tenant may continue in possession of the leased premises after the expiration of this Lease term only with the prior written consent of the Landlord. Should Tenant continue in possession of the leased premises after the expiration of this Lease, but without a written extension or renewal thereof, such possession shall not create or extend any rights to continued occupancy by Tenant of the leased premises. The parties further agree that during any such holdover period, Tenant shall pay to Landlord as liquidated damages for Tenant's failure to vacate, twice the monthly rental last paid by Tenant for each month or partial month Tenant holds over.

13. Insolvency

If the Tenant seeks to be declared insolvent or bankrupt, or if any assignment of property is made by or for Tenant for the benefit of creditors or others, or if Tenant's leasehold interest herein shall be levied upon under execution, or taken by virtue of any writ, order, or legal process, or if receiver is appointed for Tenant, Landlord may, at his sole option, immediately, with or without notice, terminate and cancel this Lease and immediately take possession of the leased premises without any forfeiture of obligations of the Tenant previously accrued under this Lease.

14. Lien for Payment of Rent

Tenant hereby grants Landlord a lien upon any and all personal property of Tenant (including, but not limited to inventory, displays, equipment) which is, or in the future may be, located upon the leased premises to secure Tenant's obligation to pay rent, including all charges assessed against Tenant pursuant to this Lease. In the event of a failure by Tenant to pay any part of the rent or other obligations hereunder, Landlord may, without notice or demand, go upon the leased premises and take and sell such property to satisfy said obligation with or without legal process. Any such sale by Landlord may be at either public or private sale and shall be after publication of one notice in the Ouray County Plaindealer at least one week prior to such sale. Any excess of proceeds from the sale above and beyond that amount which Tenant then owes Landlord shall be held by Landlord for the account of Tenant and shall be remitted to Tenant as soon as practicable.

15. Waiver

The failure of the Landlord to insist upon strict performance of any of the obligations, covenants, or agreements contained in this Lease, or the failure of the Landlord at any time to exercise any option, privilege, or right granted to Landlord hereunder or pursuant to law shall not be construed as a waiver, relinquishment, or release of any such rights nor shall it be deemed or taken as a waiver of any prior or succeeding breach. No payment by Tenant or receipt by Landlord of an amount less than the amount Tenant is obligated to pay hereunder shall be deemed or considered to be an accord or satisfaction, and Landlord may accept such payment without prejudice to Tenant's rights to recover the balance of such rent or obligation.

16. Successors and Assigns

This Lease shall be binding upon, and inure to the benefit of, heirs, successors, and assigns of the Landlord and of the Tenant subject to the prohibition against assignment or subletting by Tenant contained herein.

17. Guarantees

It is expressly understood and agreed between the parties that each and every one of Tenant's obligations under this Lease is personally guaranteed by those persons who have signed as guarantors and may be enforced against the guarantors without prior notice to, or demand of, any other signatory to this Agreement.

18. Security

Tenant shall deposit with Landlord a sum equal to one month's rent at signing of this Lease, to be held by the Landlord as security for Tenant's faithful performance of all obligations hereunder and for repair or any damage or any cleanup of the leased premises after vacation by Tenant. Such deposit may be held by Landlord in any account maintained by Landlord. No interest shall be paid to Tenant on such deposit. On Tenant's vacating the leased premises, if Landlord is satisfied that the premises have been returned or surrendered in good condition, Landlord shall return the deposit to Tenant. If any cleaning or repairs of any sort whatsoever are required, Landlord may apply the deposit toward the cost of such repairs or cleaning. No part of the deposit is intended to be used as last month's rent. Failure of Tenant to pay last month's rent shall be an event of default allowing Landlord to avail itself of the rights it has to enforce the lien granted by this agreement in Tenant's goods.

6-25-11
NOT
collected

19. Entire Agreement

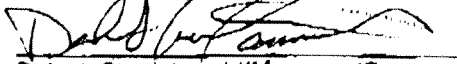
This Lease sets forth the full and complete understanding between Landlord and Tenant concerning the leased premises and there are no other covenants, promises, agreements, condition, or understandings, either oral or written, regarding the leased premises other than as set forth herein.
It is further agreed that no provision in this Lease may be modified nor shall any understanding between the parties be effective, unless written and signed by both parties.

20. Notice

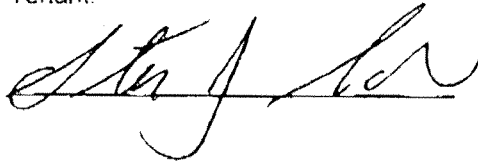
Any notices required hereunder shall be given by delivery in person or by regular U.S. mail in which case notice will be effective on receipt.

In witness whereof, this Landlord and Tenant have signed this Lease this 25 day of June, 2011.

Landlord:
Ouray Hotel Properties, LLC


Dale J. Stanislawski/Manager/Owner

Tenant:



State of Colorado:
County of Ouray:

Be it remembered that on this ____ day of _____, 2011 the foregoing instrument was signed and acknowledged before me by _____ who attested that the signing and execution of this instrument was his/her/their free and voluntary act and deed.

In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid.

Signature of Notary Public

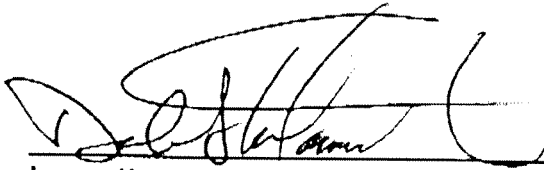
My commission expires on _____

Addendum to Lease Between Ouray Hotel Properties , LLC and Stephen J. Schiffer d/b/a/ Ouray Dental Clinic

N/A

~~1. Adequate Parking will be provided to the Tenant and Tenant's customers at an area in front of or nearby the leased property.~~

2. Before Landlord takes any adverse action against Tenant, Landlord shall notify Tenant of the default and Landlord's proposed adverse action at: 719-589-4946 (office phone) ; 719-589-2489 (home phone) ; and, 719-588-9096 (cell phone) .Furthermore, Landlord shall also send said notice to Tenant at: rodeodent@questoffice.net (office e-mail) and stesch@gojade.org (home e-mail). After receiving said notice, Tenant shall have 5 days to cure said default or , if the default is one that cannot be cured within 5 days, Tenant shall have commenced curing the default within the 5 day period and shall continue to act diligently to cure the default.



6-25-11

Landlord

Date

Tenant

Date

This lease is made and entered into effective the first day of November 2011, by and between Ouray Hotel Properties, LLC, P.O. Box 1862, Ouray, Colorado, 81427, ("Landlord") and Khristopher's Culinaire, 545 Main Street, Ouray, Colorado, 81427 ("Tenant").

1. Leased Premises

Landlord hereby leases to Tenant and Tenant hereby rents from Landlord on the terms and conditions expressed in this Lease the space described as follows: 545 Main street, Ouray City, Ouray County, State of Colorado.

All of the foregoing shall be collectively "the leased premises".

2. Term

This lease shall be for a period of seven years, beginning November 1, 2011 and ending October 31, 2018. There is an option for yearly renewal or termination by Tenant and Landlord.

3. Rent

Tenant agrees to pay Landlord the total of all rents as provided herein, payable in monthly installments of \$1000.00 per month beginning November 1, 2011.

In the event Landlord's expenses increase due to Tenant's particular use of leased premises, Tenant's monthly rent shall be increased in an amount sufficient to offset all of those increased costs.

All installments of rent shall be payable in advance and are due no later than the first day of each month beginning November 1, 2011. If any rent payment or other charge imposed on Tenant pursuant to this Agreement is not received when due, Landlord may, at its sole option, assess a late payment charge of fifteen dollars (\$15), in addition to the rent and all other charges due, for each day in which the payment is late.

All rental payments are deemed earned at the commencement of this lease. In the event Tenant vacates the rented space during a period for which rent has already been paid, Tenant shall not be entitled to any refund of rent or other charges.

4. Tenant's Obligations

Tenant agrees to use the premises solely for the purpose of conducting thereon the business of "Culinaire related" and for no other purpose whatsoever without the prior written consent of the Landlord.

During the term of this agreement, Tenant agrees, at its own expense to do or perform all of the following obligations:

(a) To promptly pay the rent set forth therein and all tax, utility, trash removal, recycling, water, sewerage and other bills or charges, including late payment fees, rendered to Tenant, it being specifically understood that this paragraph applies to bills submitted to Tenant by Landlord;

(b) To promptly pay all real property taxes assessed against the leased premises in two (2)

equal payments due on February 20 and June 8 during the period of occupancy and in the year levied, on receipt of such bill from Landlord. All payments should be made out to the "Ouray County Treasurer" and delivered to Landlord on or before the dates set forth in this paragraph.

- (c) To store all trash and refuse in appropriate containers and to attend to the daily disposal thereof as designated by Landlord and to dispose of recyclable materials at the Ouray Recycling Center while same is in operation;
- (d) To conform to all reasonable rules and regulations which Landlord may make regarding the management and use of the Ouray Hotel Properties, LLC and to require Tenant's employees by the same;
- (e) To keep the leased premises and all adjacent or surrounding sidewalks, curbs, fire escapes, entry, halls and other areas, including stairs, and all interior ceilings, floors, walls, doors and windows and all equipment (including electrical, mechanical, plumbing, heating and fire protection systems), facilities, furnishings, and fixtures located in or adjacent to the leased premises clean, neat and in good order, repair, and condition (including painting, decorating, and repair and replacement of any damaged floors or floor coverings, walls, ceilings, windows or doors) and further to maintain same in accordance with all applicable governmental laws, codes, regulations or orders, provided however, that Tenant agrees not to make any permanent alterations or additions or changes of any sort whatsoever in or to the leased premises without Landlord's prior written consent to same;
- (f) To keep the sidewalks in front of and around the leased premises including any sidewalks used to gain access to Main Street and all means of egress to or from the premises free and clean of ice, snow, litter, dirt, debris, or any obstructions including sidewalk signs (except for signs permitted by the City of Ouray). Snow and ice removal must be maintained, according to City of Ouray ordinance, at Tenant's expense. This must occur even during months of Tenant's absence or seasonal operations. Failure to follow strict guidelines, as set forth by the Ordinance, may result in a fine or fee attached to monthly rent, or may constitute a violation of this Lease;
- (g) To operate its business in strict conformity with any laws, codes, or regulations of any governmental body applicable to Tenant or its business;
- (h) To procure any licenses or permits required by any governmental authority for the conduct of Tenant's business, including any permits for the installation or construction of any improvements, equipment, or fixtures in the premises;
- (i) To promptly pay when due any and all taxes or levies imposed upon Tenant's business operation and/or its personal property in the leased premises and to promptly pay when due the entire cost of any work performed in or on the leased premises, including costs of equipment, facilities, and/or fixtures therein, so that the leased premises shall at all times be free of any liens for taxes, labor or materials relating to work performed for Tenant;
- (j) To indemnify and hold Landlord harmless from any and all claims of injury, death, loss, or damage (including damage to the Ouray Hotel Properties, LLC, herein) arising out of, or connected in any way with, any work performed on the premises or arising out of any accident or injury occurring on or adjacent to the leased premises, whether or not said accident or injury is claimed to be due in any way to the Tenant's fault or negligence, and to maintain in a form and amount acceptable to Landlord, and

- with companies acceptable to Landlord, liability and property insurance, including coverage for injury or death, in an amount not less than \$300,000 per person and \$300,000 per incident and for damage to property, including damage to the Ouray Hotel Properties, LLC, in an amount of not less than \$100,000, proof of which shall be provided to Landlord on or before the effective date hereof and at any other time at Landlord's request. Any such policy shall provide that it may not be canceled for any reason without thirty (30) days prior notice to Landlord. Tenant further agrees that Landlord shall be an additional named insured under all such insurance policies and shall provide Landlord a certificate of insurance evidencing same. Failure to carry insurance throughout the entire year, including months not in operation will not be tolerated, and may at Landlord's sole discretion, invalidate this Lease. Tenant further agrees to be solely responsible for any loss or damage to the leased space or to Tenant's stock in trade, furniture, furnishings, materials or supplies, fixtures and/or equipment resulting from fire or any other perils and agrees to waive, for themselves and their insurers, any right of subrogation against Landlord or its insurer;
- (k) To neither hold nor attempt to hold Landlord liable for any injury or damage occurring because of, or caused by, any repairs, alterations, injury or accident to the leased premises, any adjacent premises or any other parts of the building not leased hereunder, or by reason of the negligence or default of the owners or occupants thereof, of Landlords or of any other persons, nor liable for any injury or damage occasioned by defective electric wiring, or the breaking or stoppage of plumbing or sewage or heating or by any other cause of any sort whatsoever;
- (l) To permit Landlord and its agent or invitee to enter upon the leased premises at reasonable times for the purpose of inspecting the same and/or making repairs to the building and/or to show the leased premises to prospective purchasers, lenders, or tenants; and further to provide Landlord a key to Tenant's premises;
- (m) To pay on demand Landlord's expense (including costs, expenses or attorneys fees of litigation) incurred in enforcing any obligation of Tenant under this Lease or in making any repairs to the leased premises which are the obligation of the Tenant to make, but which the Tenant fails or refuses to make;
- (n) To immediately notify Landlord of any fire or damage to or in the leased premises or any claim against Tenant relating to Tenant's operation of the leased premises;
- (o) To refrain from: causing injury, overloading, defacing, or other harm to the leased premises; or any part thereof including light and other fixtures, or committing any nuisance; or permitting the emission of objectionable noise, substance, or odor from or on the leased premises, or in any way obstructing the sidewalks, hallways, stairs or passages or access to the leased premises or to the Ouray Hotel Properties, LLC, or conducting its business in any way which might tend to injure the Ouray Hotel Properties, LLC; or from storing any hazardous, flammables, explosive or dangerous materials in, on or around the leased premises; or from permitting any condition to occur or continue in or around the leased premises which, in Landlord's sole opinion, may cause any harm to the leased space or any other part of the building; and
- (p) Tenant further agrees that neither it nor its employees nor any persons or companies making deliveries to it shall park trucks or vehicles outside the leased premises so as to interfere with access either to the leased premises or to other parts of the Ouray Hotel Properties, LLC for any unreasonable period

5. Assignment/Subletting

6. This Lease may not be assigned by Tenant nor may the leased premises be sublet by Tenant.

6. Landlord's Obligations

During the term of this Lease, Landlord shall be obligated to:

- (a) Receive Tenant's payment of all real property taxes assessed against the leased premises, and ensure on-time delivery of said payment to the Ouray County Treasurer.
- (b) Provide at Landlord's cost a heating system of Landlord's choosing to heat the leased premises, but Tenant shall be responsible for the cost of operation and maintenance of said system.
- (c) Maintain in at least its present condition the exterior of the building including all electrical, mechanical and plumbing connections to the leased premises but which are located outside thereof, the exterior of the walls and roof (but not including the windows, doors, or sidewalks, or the interior of the walls, floors and ceilings, including all light fixtures, the maintenance and repair of which are solely Tenant's obligation);
- (d) Carry sufficient fire and extended coverage insurance on the leased premises to cover the cost of rebuilding or repairing the leased premises in the event of total or partial destruction thereof, provided, however, that it shall be within Landlord's sole discretion to determine whether or not the leased premises should be repaired or rebuilt in the event of total or partial destruction;
- (e) During the term of this Lease, on Tenant's payment of rent and performing all Tenant's obligation hereunder, to permit Tenant to peaceably and quietly have, hold, and enjoy the use of the leased premises throughout the Lease term or until it is terminated as provided below; and;

7. Improvements

All improvements or changes of any sort made upon the leased premises, whether or not of a permanent nature, including the installation of any fixtures, and specifically including, but not limited to, any items fastened in any way to the structure, walls, floor, ceiling, plumbing or wiring of the building, whether or not such items can be removed without damaging the leased premises, shall be the property of the Landlord at the expiration of this Lease, and the Landlord shall be under no obligation to reimburse the Tenant for any sums of money expended in making improvements on the leased premises.

Any property left by Tenant on the premises on Tenant's vacating same, whether or not the same is an improvement, shall be deemed abandoned by Tenant and the same shall become Landlord's sole property.

Tenant shall be responsible for the cost of completing or modifying the rented space for Tenant's own use including cost of any flooring, plumbing, electrical or other improvements above and beyond those already in place. All electrical and plumbing work shall be performed by a licensed craftsman approved by Landlord.

8. Damage to Premises

Should the leased premises be destroyed or rendered totally or partially uninhabitable during the Lease term through no act or fault of the Tenant, whether by fire, flood, wind, act of God, or otherwise, then this Lease may be terminated by the Tenant, at his/her option, unless the Landlord, at his own expense, reconstructs the premises and renders it suitable for the Tenant's business within a period of one hundred twenty (120) days, it being understood by the parties hereto that the rental shall be abated during the period of time when the premises are rendered totally or partially uninhabitable or unsuitable for the Tenant's business in proportion to the amount of space rendered unusable.

If the premises are damaged in any way by, or as a result of, any act or omission of Tenant, Tenant shall be solely responsible for any such loss or damage suffered by Landlord resulting from Tenant's act or omission.

9. Subordination

This Lease shall be subject and subordinated to any mortgage or trust deeds that are, or may hereafter be, placed on the Ouray Hotel Properties, LLC on the leased premises.

10. Condemnation

In the event all or part of the leased premises shall be taken by right of eminent domain, or in the event the Landlord makes a conveyance of all or part of the leased premises in lieu of taking by eminent domain, then this Lease shall, at the option of the Landlord, be terminated. In such event, Tenant shall be relieved of any further obligation to make rental payments to the Landlord (except for rental payments past due) and Tenant shall have the right to remove from the leased premises any personal property not belonging to the Landlord pursuant to Paragraph 7 hereof. In the event of any taking of all or any part of the leased premises by right of eminent domain or by conveyance in lieu of such taking, Landlord shall receive the entire award or price, regardless of its nature or the nature of the interest for which it is designed to compensate, which the condemning or taking governmental authority pays as a result of its condemnation.

11. Default

If any of the rent specified above, including any charges or fees imposed upon Tenant pursuant to this Lease, shall be in arrears, or if Tenant shall fail to fulfill any obligation imposed by this Lease, Landlord, at its sole option, may declare the Lease term ended and enter into the leased premises or any part thereof, either with or without process of law, and expel, remove, and put out Tenant or any person or persons occupying the premises, at Tenant's expense, using such force as may be necessary to do so, without being liable to prosecution or damage therefore, and to repossess and enjoy the leased premises. If, at any time, the Lease term shall be ended, the Tenant hereby agrees to immediately surrender and deliver up the premises peacefully to Landlord and to be liable for any damage or injury to Landlord caused by Tenant's failure to surrender the premises. It is specifically understood that Landlord's right to re-enter and re-take the premises shall be in addition to, and shall not in any way limit, Landlord's other remedies provided by law or elsewhere herein.

Should Landlord elect to re-enter as provided herein, or should he take possession pursuant to any notice provided for or by law or otherwise, he may, without terminating this Lease, expel Tenant from the premises and re-let or re-lease the same or any parts thereof, at such

rental and upon such terms and conditions as Landlord, at his sole discretion, may deem advisable. No such re-letting or re-leasing of the leased premises by the Landlord shall be construed as an election on Landlord's part to terminate or cancel the Lease, unless Landlord has expressly so stated its intent in writing delivered to Tenant, or shall any such re-letting relieve Tenant from liability to Landlord for rent, or for any damages, of whatsoever type or nature, which Landlord may suffer or incur as a result of Tenant's breach of the terms of this Lease.

In addition to the foregoing remedies, if Tenant should fail to satisfy any of its obligations hereunder, Landlord may, at its sole discretion, close Tenant's business and prohibit the same from operating until such default is cured. Tenant's obligation to pay rent shall not be affected by any such closure.

In the event Tenant fails to pay rent or other charges as provided herein, Landlord may give Tenant a three day notice (demand for possession or compliance) without in any way terminating this Lease or releasing Tenant from its continued obligation to pay rent and charges as provided herein. After giving such notice, Tenant shall continue to be obligated to pay all rent and other charges until the expiration of the Lease as stated on its face or until the premises are re-let by Landlord, whichever occurs first. It is the specific intention of the parties by agreeing to this provision that Landlord shall not in any way be disadvantaged by virtue of Tenant's failure to pay rent and charges as and when due.

12. Vacation of Premises

On expiration of the term of this Lease, Tenant agrees to vacate the premises and to surrender and deliver up possession of the same to Landlord in as good condition and repair as the same were at the time the Lease was signed, ordinary wear and tear excepted. In addition, at the expiration of the Lease term or on Tenant's vacating of the leased space, Tenant shall have the carpet and/or flooring in the leased space commercially cleaned and shall provide Landlord written proof thereof prior to receiving any return of security deposit. In the event the leased premises are damaged beyond ordinary wear and tear, Tenant agrees to immediately pay Landlord that amount of money which will be necessary to restore the leased premises to their former condition. In the alternative, Landlord may deduct the cost of repairing or restoring same from the security deposit provided herein. Landlord may charge \$20 per hour for any time cleaning or repairing the leased premises after it is vacated by Tenant.

Tenant may continue in possession of the leased premises after the expiration of this Lease term only with the prior written consent of the Landlord. Should Tenant continue in possession of the leased premises after the expiration of this Lease, but without a written extension or renewal thereof, such possession shall not create or extend any rights to continued occupancy by Tenant of the leased premises. The parties further agree that during any such holdover period, Tenant shall pay to Landlord as liquidated damages for Tenant's failure to vacate, twice the monthly rental last paid by Tenant for each month or partial month Tenant holds over.

13. Insolvency

If the Tenant seeks to be declared insolvent or bankrupt, or if any assignment of property is made by or for Tenant for the benefit of creditors or others, or if Tenant's leasehold interest herein shall be levied upon under execution, or taken by virtue of any writ, order, or legal process, or if receiver is appointed for Tenant, Landlord may, at his sole option, immediately, with or without notice, terminate and cancel this Lease and immediately take possession of the leased premises without any forfeiture of obligations of the Tenant previously accrued under this Lease.

14. Lien for Payment of Rent

Tenant hereby grants Landlord a lien upon any and all personal property of Tenant (including, but not limited to inventory, displays, equipment) which is, or in the future may be, located upon the leased premises to secure Tenant's obligation to pay rent, including all charges assessed against Tenant pursuant to this Lease. In the event of a failure by Tenant to pay any part of the rent or other obligations hereunder, Landlord may, without notice or demand, go upon the leased premises and take and sell such property to satisfy said obligation with or without legal process. Any such sale by Landlord may be at either public or private sale and shall be after publication of one notice in the Ouray County Plaindealer at least one week prior to such sale. Any excess of proceeds from the sale above and beyond that amount which Tenant then owes Landlord shall be held by Landlord for the account of Tenant and shall be remitted to Tenant as soon as practicable.

15. Waiver

The failure of the Landlord to insist upon strict performance of any of the obligations, covenants, or agreements contained in this Lease, or the failure of the Landlord at any time to exercise any option, privilege, or right granted to Landlord hereunder or pursuant to law shall not be construed as a waiver, relinquishment, or release of any such rights nor shall it be deemed or taken as a waiver of any prior or succeeding breach. No payment by Tenant or receipt by Landlord of an amount less than the amount Tenant is obligated to pay hereunder shall be deemed or considered to be an accord or satisfaction, and Landlord may accept such payment without prejudice to Tenant's rights to recover the balance of such rent or obligation.

16. Successors and Assigns

This Lease shall be binding upon, and inure to the benefit of, heirs, successors, and assigns of the Landlord and of the Tenant subject to the prohibition against assignment or subletting by Tenant contained herein.

17. Guarantees

It is expressly understood and agreed between the parties that each and every one of Tenant's obligations under this Lease is personally guaranteed by those persons who have signed as guarantors and may be enforced against the guarantors without prior notice to, or demand of, any other signatory to this Agreement.

18. Security

Tenant shall deposit with Landlord a sum equal to one month's rent at signing of this Lease, to be held by the Landlord as security for Tenant's faithful performance of all obligations hereunder and for repair or any damage or any cleanup of the leased premises after vacation by Tenant. Such deposit may be held by Landlord in any account maintained by Landlord. No interest shall be paid to Tenant on such deposit. On Tenant's vacating the leased premises, if Landlord is satisfied that the premises have been returned or surrendered in good condition, Landlord shall return the deposit to Tenant. If any cleaning or repairs of any sort whatsoever are required, Landlord may apply the deposit toward the cost of such repairs or cleaning. No part of the deposit is intended to be used as last month's rent. Failure of Tenant to pay last month's rent shall be an event of default allowing Landlord to avail itself of the rights it has to enforce the lien granted by this agreement in Tenant's goods.

11-20-11
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19. Entire Agreement


This Lease sets forth the full and complete understanding between Landlord and Tenant concerning the leased premises and there are no other covenants, promises, agreements, condition, or understandings, either oral or written, regarding the leased premises other than as set forth herein.

It is further agreed that no provision in this Lease may be modified nor shall any understanding between the parties be effective, unless written and signed by both parties.

20. Notice

Any notices required hereunder shall be given by delivery in person or by regular U.S. mail in which case notice will be effective on receipt.

In witness whereof, this Landlord and Tenant have signed this Lease this 2 day of November, 2011.

Landlord:
Ouray Hotel Properties, LLC

Dale J. Stanislawski/Manager/Owner

Tenant:


State of Colorado:
County of Ouray

Be it remembered that on this ____ day of _____, 2011 the foregoing instrument was signed and acknowledged before me by _____ who attested that the signing and execution of this instrument was his/her/their free and voluntary act and deed.

In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid

Signature of Notary Public

My commission expires on _____.

395-15-103-00

LEASE AGREEMENT

THIS LEASE is entered into effective the 5th day of June, 2000, between Ouray Hotel, LLC, (Tenant) and the City of Ouray, (Landlord or City) as follows:

WHEREAS, the Landlord owns the streets adjacent to the Ouray Hotel building owned by the Tenant located in Ouray, Colorado, and

WHEREAS, the Parties mutually desire to enter into an agreement to lease a portion of the right of way of Sixth Avenue to the Tenant, for parking pursuant to the provisions of Section 13-1 of the Code of the City of Ouray,

NOW, THEREFORE, the Parties hereby enter into the following Lease:

1. Description of Premises:

The Landlord hereby agrees to lease to the Tenant, subject to the terms and conditions of this Agreement, that portion of the southerly 30 feet of the right of way of Sixth Avenue, abutting Lot 12, Block 24, City of Ouray, Ouray County Colorado, designated on the plan attached as Exhibit A for 10 parking spaces, and the appurtenant landscaping islands as shown thereon, which shall henceforth be referred to in this Agreement as "the premises". Tenant accepts the premises in its existing condition.

2. Term of Lease:

The term of this Lease shall be for a period of forty years, commencing from the effective date first above written, subject to termination of the Lease in accordance with any of the provisions of this Lease.

3. Consideration:

Tenant agrees to the following consideration for this Lease:

A. To operate the "Ouray Hotel" and maintain it in its historic condition, and to require its employees to utilize the leased parking spaces to minimize the impacts on surrounding parking spaces; provided, however, that nothing contained herein shall require Tenant to continue operating its hotel business, nor shall anything contained herein preclude Tenant's selling either the property or its hotel business, although either may have an effect on the continuation of this Lease as provided elsewhere herein.

B. Rental in the amount of \$15 per parking space per month for the first ten years of the lease, and \$ 25 per parking space per month for the remainder of the lease. Rental shall be due only for those months where the rented spaces are restricted to use by the Ouray Hotel's employees and customers. The foregoing rental payments are hereby waived.

C. To comply with the other terms and conditions of this lease.

4. Miscellaneous Provisions:

- A. Tenant agrees also to maintain all improvements upon the premises in good repair and safe condition. All repairs shall be made at Tenant's sole expense, and Landlord shall have no monetary obligation whatsoever to maintain the premises, all of which shall be maintained solely at Tenant's expense. Tenant shall maintain the premises reasonably free from unsightly debris or accumulations of trash, and the like, and in compliance with the standards set by City of Ouray junk, weed, litter and nuisance ordinances.
- B. The premises shall be used only for parking purposes to serve the Ouray Hotel, or the general public when the Hotel is not open for business. Tenant's use of the premises shall conform to all applicable laws, ordinances, and regulations of the United States of America, the State of Colorado, and City of Ouray.
- C. The Parties state and agree that the structures and improvements, other than utility and underground infrastructure owned by third parties, currently located on the premises or constructed hereafter, shall remain, the sole property of the Landlord throughout the term of this Lease, and thereafter.
- D. No additional improvements shall be constructed on the premises without the express written permission of Landlord.

5. Termination of Lease:

This Lease may be terminated upon any of the following events:

- A. Dissolution, insolvency or bankruptcy of the Tenant or Tenant's vacancy of the premises, or Tenant's failure to operate the Ouray Hotel as a hotel in its historic state;
- B. The foreclosure and sale of the leasehold interest resulting from any lien that is not satisfied and paid by Tenant;
- C. A material breach of any of the obligations of Tenant under this Lease, unless the said breach is cured within the time provided in Paragraph 5(E) below;
- D. Any unauthorized use of the premises, if the said breach is not cured within the time provided in Paragraph 5(E) below;
- E. In the event the Landlord wishes to terminate this Lease pursuant to the provisions of Paragraphs 5(C) or 5(D), written notice of the intent to terminate

shall first be given to the Tenant by certified mail, return receipt request, at the address of the Tenant stated below, or at any other subsequent address given to the Landlord in writing. Said notice shall provide a statement of the reasons for termination. The Tenant shall then have a period of 30 days from the date or receipt of said notice within which to cure the default which forms the basis of the notice of termination, and in the event such cure is timely made by Tenant, the Lease shall remain in full force and effect.

F. The Tenant may terminate this Lease upon 30 days written notice to Landlord.

6. Disclaimer of Landlord of any Liability for Liens:

Nothing in the terms of this Lease shall be construed as the Landlord authorizing the Tenant to make any improvements on the real property that would subject the property to a mechanic's lien. To the extent that the Tenant may make improvements upon the premises and fail to pay for the same, such that a mechanic's lien is placed upon the premises, said liens shall attach only to the leasehold interest of Tenant to the premises, and shall be subject to all the terms of this Lease (including the provisions for termination of the Lease upon the filing of a mechanic's lien). Tenant shall not create or allow any liens upon said property and liens shall attach only to Tenant's leasehold interest.

7. Access to the Property:

- A. The Landlord shall have the right to enter upon or across the leased premises or to cross such premises at any and all times and may authorize any of its officers, agents or employees to do so also.
- B. The Landlord shall also have the right to inspect improvements on the premises at any reasonable time by making prior arrangements with Tenant.
- C. The Landlord also reserves the right to authorize the installation and maintenance of City and public utilities, and telecommunication facilities, underground or overhead, which do not unreasonably interfere with the parking use of the premises, in accordance with City ordinances and regulations.

8. Taxes and Utilities:

- A. In the event any ad valorem, real or personal property taxes or payments in lieu thereof, or any other taxes, are due or assessed upon the leased property or any improvements thereof, the payment of such taxes shall be the sole obligation of the Tenant. In the event the City receives any tax notices, it shall deliver them to the Tenant for payment.
- B. Tenant shall promptly pay as due all bills for utilities to serve the premises, if any, excepting existing street lighting currently provided by Landlord.

9. Insurance

- A. Tenant shall procure and maintain, and shall cause any subcontractor or sublessee of the Tenant to procure and maintain, the minimum insurance coverages listed below. Such coverages shall be procured and maintained with forms and insurers acceptable to LANDLORD. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.
1. Worker's Compensation insurance to cover obligations imposed by applicable laws for any employee engaged in the performance of work for Tenant.
 2. Commercial General Liability insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000) each occurrence and ONE MILLION DOLLARS (\$1,000,000) aggregate. The policy shall be applicable to all premises and operations. The policy shall include coverage for bodily injury, broad form property damage (including completed operations), personal injury (including coverage for contractual and employee acts), blanket contractual, independent contractors, products, and completed operations. The policy shall include coverage for explosion, collapse, and underground hazards. The policy shall contain a severability of interests provision.
- B. The policy required by paragraph (A)(2) above shall be endorsed to include LANDLORD and LANDLORD's officers and employees as additional insureds. Every policy required above shall be primary insurance and any insurance carried by LANDLORD, its officers, or its employees, or carried by or provided through any insurance pool of LANDLORD, shall be excess and not contributory insurance to that provided by Tenant. No additional insured endorsement to any policy shall contain any exclusion for bodily injury or property damage arising from completed operations. The Tenant shall be solely responsible for any deductible losses under any policy required above.
- C. A certificate of insurance shall be completed by the Tenant's insurance agent as evidence that policies providing the required coverages, conditions, and minimum limits are in full force and effect, and shall be reviewed and approved by LANDLORD prior to commencement of the Lease. The certificate shall identify this Lease and shall provide that the coverages afforded under the policies shall not be canceled, terminated or materially changed until at least 30 days prior written notice has been given to LANDLORD. The completed certificate of insurance shall be sent to LANDLORD.
- D. Failure on the part of the Tenant to procure or maintain policies providing the required coverages, conditions, and minimum limits shall constitute a material breach of contract upon which LANDLORD may immediately terminate this

contract, or at its discretion LANDLORD may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by LANDLORD shall be repaid by Tenant to LANDLORD upon demand, or LANDLORD may offset the cost of the premiums against any monies due to Tenant from LANDLORD.

- E. LANDLORD reserves the right to request and receive a certified copy of any policy and any endorsement thereto.
- F. The parties hereto understand and agree that LANDLORD is relying on, and does not waive or intend to waive by any provision of this contract, the monetary limitations (presently \$150,000 per person and \$600,000 per occurrence) or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, {CRS 24-10-101 et seq.} , as from time to time amended, or otherwise available to LANDLORD, its officers or employees.
- G. Property Insurance.

Tenant may have the premises including all structures and improvements on the premises covered by Tenant's fire and casualty insurance policies. Tenant shall be responsible for all losses to property including losses not covered due to said policy's deductible, or for losses outside the scope of such policy's coverage and hereby waives any claim against LANDLORD for such losses.

10. Waiver:

No waiver of any breach of any one or more of the conditions and covenants of this Lease by the Tenant or Landlord shall be deemed and constitute a waiver of any succeeding or other breach under this Lease.

11. Notices:

All notices required to be given to the Landlord or the Tenant herein shall be mailed to them to the following addresses:

City of Ouray	Ouray Hotel, LLC
City Hall	PO Box 1862
P. O. Box 468	Ouray, CO 81427
Ouray, CO 81427	

Notice shall be effective when deposited in the U. S. Mail, certified, return receipt requested, addressed to the above address or any address notice of which address change has been given in writing to the other party.

12. Assignment:

Tenant may sublease or assign its interest hereunder, only to the owner or lessee of the Ouray Hotel. This Lease shall be binding upon the successors and assigns of the Parties hereto.

13. Parking Enforcement:

Tenant shall be responsible to enforce limitations on use of the parking spaces by unauthorized parties, and shall use the premises in compliance with Section 13-1 of the Ouray Code.

IN WITNESS WHEREOF, the Parties have entered into this Lease as of the day and year first above written.

LANDLORD:

City of Ouray

By

Arthur L. Foy
Mayor

ATTEST:

By

Rebecca S. Fritz
City Clerk

TENANT:

Ouray Hotel, LLC

By

Dee Stambaugh

MAIN STREET

SIDEWALK

OURAY HOTEL

LOT 12, BLOCK 19, CITY OF OURAY

SIDEWALK

30'

117'

(10 PARKING SPACES)

6TH AVENUE



LEAVED AREA -

Exhibit D
Contracts or Service Agreements
For the Contract for Sale of Commercial Real Estate at Auction

NONE

Disclosure Exhibit
For the Contract for Sale of Commercial Real Estate at Auction

Carbon Monoxide Alarm Disclosure. Colorado law requires that all residential properties have installed and operational carbon monoxide alarm prior to sale or transfer. Buyer acknowledges that Seller will install or inspect carbon monoxide alarms prior to closing. Carbon monoxide alarm test will be performed and if said test fails, seller will complete needed repairs to comply with state requirements prior to closing.

Property Use Disclosure. Buyer acknowledges that the Property is operated as a Hotel and some materials required for same convey with the real estate. Neither seller nor Broker provide any warranty, written, implied, or otherwise that the property may be continued to be used for this purpose or any other purpose or the property conforms to any applicable zoning requirements, ordinances, or other state, city, or county requirements. Buyer agrees to accept the property "as-is, whereis, with all faults" and is responsible for any and all remediation required by any governing authority.

Parking Lease Disclosure: Ten parking spaces and the associated landscaping islands are currently leased through the City of Ouray. Buyer acknowledges receipt and review of a copy of said lease, dated June 5, 2000, prior to bidding. Seller shall assign lease to Buyer upon closing and Buyer shall be bound by all terms, conditions and contingencies of said lease for its term, including conditions related to business use of the Property.

Heat source disclosure: Individual heat units are made available to occupants for each room. The primary heat source for the entire building is a gas furnace that is currently inoperable. Buyer acknowledges that the primary furnace is inoperable and accepts the Property and all fixtures As-is, Where-is, in the current condition. Buyer shall be solely responsible for any required repairs or remediation.

Property Information Packet containing information regarding property may be obtained by completing Confidentiality and Non Reliance Agreement (CNRA).