

EMPIRE PASS MASTER OWNERS ASSOCIATION

EXPLANATION OF TRANSFER FEE (REINVESTMENT FEE)

Each Purchaser of a Lot, Unit or Parcel shall pay to the Association immediately upon becoming the Owner of the Lot, Unit or Parcel a Transfer (Reinvestment Fee), upon the transfer of a Lot, Unit or Parcel. The fee is 1% of the Gross Purchase Price paid and is payable to Empire Pass MOA.

One-half of one-percent (0.5%) is used by Empire Pass Master Owners Association to provide additional funds for the payment of the operating expenses or capital improvements of the Association, which will in turn inure to the benefit of all Owners. These expenses are captured in the Empire Pass MOA Annual Budget which is distributed to the Owners in November of each year.

One-half of one-percent (0.5%) is paid by Empire Pass Master Owners Association to Park City Municipal Corporation to assist in funding the costs and expenses for enhanced transportation for Empire Pass, recreation improvements and/or open space acquisition, maintenance and preservation as provided in section 3.2 of the Developer Agreement.

REFERENCES IN THE CC&RS TO TRANSFER FEE

1.101 "Transfer"

1.102 "Transfer Assessment" shall mean the fee assessed by the Master Association upon the Transfer of any Lot, Unit or Parcel in an amount equal to the Gross Sales Price of the Lot, Unit or Parcel multiplied by the Transfer Assessment Rate. The Transfer Assessment shall be payable to the Master Association by the Transferee.

1.103 "Transfer Assessment Levy Date" shall mean the term set forth in Section 7.15.3.

1.104 "Transfer Assessment Rate" shall mean one percent unless and until the Board shall adopt a different rate, provided that the Board shall not set a rate higher than 2% unless such a rate is approved by the affirmative vote of a majority of the Class A Membership at a meeting duly called for such a purpose.

1.105 "Transferee" shall mean all parties to whom any interest in or to a Lot, Unit or Parcel passes by a Transfer, and each party included in the term "Transferee" shall have joint and several liability for all obligations of the Transferee with respect to the Transfer Assessment and shall be subject to all other provisions of this Declaration including, without limitation,

7.15 Open Space and Transit Management Fund. Section 3.2 of the Development Agreement requires the assessment of an open space/transit management fee which fee is defined in this Declaration as the Transfer Assessment. All Transfer Assessments shall belong to the Master Association to reduce the Annual Assessments, Special Assessments or Maintenance Charges and/or to enhance the Master Association's services to its Members. Notwithstanding the foregoing, the Master Association shall pay to Park City a portion of each Transfer Assessment not to exceed the Gross Sale Price of the Lot, Unit or Parcel multiplied by one-half of one-percent (0.5%) to assist Park City in funding the costs and expenses for enhanced transportation for Empire Pass, recreation improvements and/or open space acquisition, maintenance and preservation as provided in section 3.2 of the Developer Agreement. This Section 7.15 shall run with the Property and shall be binding upon and inure to the benefit of Declarant, the Master Association, all Owners and Residents and their respective successors and assigns.

7.15.1 Upon the occurrence of a Transfer, the Transferee under such Transfer shall pay to the Master Association the Transfer Assessment. Each Owner shall be obligated to pay and shall pay to the Master Association the Transfer Assessment levied with respect to such Owner's Lot, Unit or Parcel, and each Owner shall comply with any determinations made by the Board with respect to such Transfer Assessments.

7.15.2 Each Transferor shall provide written notice to the Master Association of a proposed Transfer of a Lot, Unit or Parcel at least 15 days prior to the date of the Transfer.

Such notice shall include the name and address of the Transferee, the Consideration to be given by the Transferee, the closing date, a statement of the nature of the Transfer including, without limitation whether the Transfer is a sale or a lease and the terms thereof, and such other information as the Master Association may thereafter request.

7.15.3 All Transfer Assessments to be levied shall be levied at the time of a Transfer and shall be payable on the date of the closing of the Transfer ("Transfer Assessment Levied Date"), and each Transfer Assessment not paid within 10 days of the Transfer Assessment Levy Date, shall accrue interest until fully paid at (5%) per annum over the rate of interest announded from time to time by Zions First National Bank, a national banking association, as its "prime rate" for commercial loans; such interest shall be payable on demand, computed monthly, and if unpaid, compounded monthly, not in advance, at the rate so calculated as of ten (10) days after the Assessment Levy Date, and all accruing interest shall become a part of the Transfer Assessment due and owing to the Master Association.

7.16 Right to assess Sub-Associations. Notwithstanding any provision of this Declaration, the Master Association shall have the right to directly assess each Sub-Association for all Assessments and Maintenance Charges otherwise assessable to the Owners of such Sub-Associations