



**MEMBER RULES & REGULATIONS**  
**(Effective August 1, 2008)**

MEMBERSHIP REGULATIONS  
FOR DURANGO MOUNTAIN CLUB

**ARTICLE I  
CLUB ESTABLISHED**

**Section 1.01. The Club Organization**

This Membership document describes an opportunity to purchase a Membership in the Durango Mountain Club (the "Club"). Members will be entitled to use some or all of the facilities of the Durango Mountain Club as described below.

The facilities of the Club are owned and managed by Durango Mountain Master Association, ("Owner"/"Management"). Management has the authority to grant the Club Membership herein pursuant to the Amended and Restated Land Use Declaration for Durango Mountain Resort, ("Declaration"), including but not limited to the power to grant rights, licenses and concessions as set forth in Section 3.10 of the Declaration. Day to day operations may be delegated to a "Club Manager." The facilities may from time to time be relocated, enlarged or remodeled and are subject to use by the Members, Club Guests, and special guests of the Owners as allowed by Management. Certain areas of the club may be restricted to those members and their guests who are 21 years of age or older. The facilities may also be used by existing and future members of the Durango Mountain Master Association. Management reserves the right to close the facilities whenever necessary. From time to time, the facilities may be temporarily used for a special event or function. During such period, use by Members may be restricted. All privileges are subject to restrictions, limitations, rules and regulations as may be established, implemented, and changed from time to time by Management.

**ARTICLE II  
MEMBERSHIP AND PRIVILEGES**

**Section 2.01. Membership Application**

All applications for Membership shall be made in writing on the Application for Membership form approved by Management. An applicant must deliver a fully completed and signed application form with a refundable deposit, which if Membership is approved by Management will be applied towards the appropriate Membership initiation fee and any other such documents which Management shall deem necessary and appropriate.

Management will evaluate each applicant and make the decision whether the application shall be approved. An application may be rejected for any reason whenever Management determines, in good faith, that acceptance of the applicant is not in the best interest of the Club. All proceedings on the admission or rejection of the applicant shall be confidential and final.

In the event that an applicant fails to be approved for membership by Management within 30 days from application date, Management shall promptly return any portion of the membership fee paid, without interest. If approved for Membership, the applicant agrees to be bound by the terms and conditions of these Club Rules and Regulations and all other requirements of the Club as they may be amended from time to time.

**Section 2.02. Membership Categories**

There are four (4) types of Memberships available; Individual, Couple, Family and Corporate. All Memberships at the Club are non-equity Memberships. Upon acceptance, the Member becomes entitled to the services of the Club provided herein. The Membership may not be transferred or converted except as described herein and upon application and approval of Management and payment of the applicable fee for transfer and conversion. Management reserves the right to add other Membership categories or change Membership privileges.

Management reserves the right to fix the maximum number of Memberships in any Membership category or in the overall Club.

A. Individual Membership: One individual is entitled to membership privileges.

B. Couple: Any individual plus a spouse is entitled to membership privileges.

C. Family Membership: A member's immediate family will be entitled to use the club facilities in accordance with the member's category of membership. A member's immediate family will include the member's spouse/significant other and their unmarried children under the age of twenty-three, living at home or attending college or graduate school on a full-time basis. These immediate family members will be able to use the club facilities without being accompanied by the Member in accordance with the rules and regulations of the club. The Member shall be responsible for all charges incurred by his or her immediate family.

D. Corporate: Memberships may be issued in the name of a corporation or partnership at the discretion of Club management.

Privileges of Membership are:

1. Membership is transferable - See Sec. 2.07.
2. Member Guest Privileges – See Section 5.10.
3. Use of all Club food and beverage facilities including private function rooms (when available). Use of private function rooms, and fees for use, are to be arranged in advance with the Club Manager.

Use of other Club facilities and benefits including:

- Club Lounge
- Club Family Room
- Ski valet and locker room
- Club Foyer
- Fitness Center
- Spa treatment rooms
- Valet parking Facilities
- Outdoor family pool
- Outdoor adult spa deck
- Wireless internet service

### **ADDITIONAL CLUB BENEFITS:**

- Purgatory Village Community Center access
- 15% discount on selected food and non-alcoholic beverages outside of Club
- 15% discount on ski rentals, including demo center at Performance Peak
- 15% discount on non-sale retail merchandise
- 15% discount on group ski and snowboard lessons (excluding private lessons)
- Free pass to mountain race arena
- Free North County shuttles when operating (call and demand rates apply at other times)
- Tennis courts owned/operated by the Club

The Club facilities and Club benefits are subject to change or revision upon written notice by Management.

### **Section 2.03. Numbers of Members; Privileges**

Management shall have full power and authority to determine the number of Members in each category, the

amount of the Membership fee and dues to be paid by Members in each category; and the terms of admission, privileges and facilities to be extended. This power and authority is vested solely in Management.

### **Section 2.04. Membership Initiation Fees and Dues**

Management shall have the full and exclusive power and authority to establish, from time to time, Membership initiation fees and dues for each category of Membership for initial and continued use of the Club facilities. Both initiation fees and dues are subject to change by Management, at any time, subject to notification as stated in Section 2.06.

### **Section 2.05. Initiation Fee; Conversion**

Initiation fees are non-refundable except as outlined in Section 2.07. A Member has the option to convert his/her Membership to a different Membership status, subject to availability of such Membership. The member will be responsible to pay additional monies equal to the difference between all initiation fee payments made previously and the initiation fee for the Membership category in effect at the time of the conversion. A Member who chooses the option to convert is entitled to all privileges of the new category. A Member has the option to downgrade his/her Membership to a new category with fewer privileges, subject to availability of such Memberships. A Member who elects to downgrade to another category shall not be entitled to a refund of any portion of any initiation fee payment previously made. Once a Membership is downgraded, the resale value will be that of the new downgraded Membership category. The new Membership category must be held for twelve (12) months before another category change is made. Categories include Individual, Family, Couple and Corporate Membership and any other membership classifications that may be added in the future. Lastly, all requests for change in Membership categories must be made in writing and will be effective on the first day of the next billing cycle after notification has been made.

### **Section 2.06. Dues**

Each Member shall pay annually, in advance, the requisite dues applicable to his/her Membership. The Management may increase dues at any time by giving 90 days written notice to Members. Management reserves the right to require electronic billing and automatic payments from Members.

## **Section 2.07. Sale or Transfer of Memberships**

For the first 36 months after the Club opens, no Members may sell or transfer its Membership interest without the express written consent of Management, except as set forth in Section 2.08 below.

After such period, all Members in all Membership categories will be permitted to sell or transfer their Membership only through the Club. Members who desire to sell their Membership must give the Club written notice that they wish to sell their Membership (“Resigning Member, Resigning Membership”). Any attempted sale or transfer of a Membership, whether by way of sale, gift, bequest or otherwise, not in accordance with these rules, shall be of no force and effect.

A Resigning Member will continue to be responsible to pay dues and other assessments until his/her Resigning Membership has been repurchased by the Club and reissued to a new Member. A Resigning Member may go inactive pursuant to Section 2.09.

When a sale or transfer is requested by a Member, Management reserves the right to designate a transferee. If the maximum number of Memberships has not been reached then the Club will alternate sales of Memberships and Resigning Memberships. Resigning Memberships will be transferred on a first-come, first-serve basis. The Club has no obligation to purchase a Resigning Membership.

Upon resignation and resale of a Membership at the then current initiation fee, the distribution of the proceeds will be as follows:

The Resigning Member will be repaid 50% of the then current initiation fee on the date that the Membership is resold. The Club will deduct from the amount to be paid to the Resigning Member any amount which such Member owes the Club. The Club shall retain the balance.

If Management does not designate a transferee, the Member may identify its own transferee (subject to application and approval of Membership) upon payment of 50% of the then current initiation fee to the Club, plus any other amounts owed by the resigning Member.

## **Section 2.08. Transfer Upon Separation, Divorce or Death**

In the event of separation (legal or otherwise) of married Members, both spouses shall continue to have privileges and liabilities of Membership, and ownership of the membership shall remain unchanged unless otherwise provided by written agreement of the parties or by court

order.

In the case of divorce of married Members, the Membership shall belong to the spouse awarded the Membership by agreement or court order. In the absence of an agreement or court order, the Membership must be resigned to the Club. Both spouses shall remain responsible for the payments of all dues, fees and charges associated with the Membership until satisfactory evidence of agreement or court order is presented to the Club. In no case will the Club become involved in disputes between separated or divorced spouses over the ownership of Memberships. In the case of such disputes, the Club may at any time in the sole discretion of Management suspend all of the privileges associated with the Membership in question until such disputes are resolved.

Upon the death of a Member, the Membership will automatically pass to the surviving spouse, if any, of the deceased Member, without payment of any additional Membership initiation fee. If not already approved for Membership, the surviving spouse must file an application with the Club and be approved for Membership. Such application and transfer must be made within ninety (90) days of the Member’s death. Provided the spouse would otherwise qualify for Membership and the Members Club account is current, the Membership shall be transferred and issued in such spouse’s name and the spouse will thereafter be entitled to all privileges of the Membership so acquired.

If there is no surviving spouse, the Membership will be deemed resigned on the date of death of the Member. The Membership will then be resold by the Club in accordance with the provisions concerning resale of a resigned Membership. The amount of proceeds which the deceased Member is entitled to receive shall be paid to the deceased Member’s estate.

## **Section 2.09 Inactive Status and Reactivation**

Members may choose to deactivate their membership and become “inactive”, thereby forfeiting member benefits and suspending their obligation to pay monthly dues for a period of 12 months. However, reactivation of the membership privileges cannot take place until twelve (12) months after the deactivation date. Furthermore, an inactive membership must be reactivated after twelve (12) months and remain active for twelve (12) months before going inactive again, or the membership will be terminated and all fees paid by the member will be forfeited. Under no circumstances may any membership remain inactive for more than twelve (12) months unless approved by Management. The Club reserves the right to

charge a monthly maintenance fee on all inactive memberships. Lastly, all requests for deactivation or reactivation must be in writing and will be effective on the first day of the next billing cycle after notification has been made.

### **ARTICLE III MEMBERSHIP OBLIGATIONS**

#### **Section 3.01. Rules and Regulations**

The operation of the Club shall be vested in every respect in Management acting, through its officers, directors, and appointed staff. Management is authorized and empowered to adopt, promulgate, amend, and enforce additional rules and regulations governing the conduct of Members, the use of the Facilities' and the day-to-day management of the Facilities.

#### **Section 3.02. Payment of Charges**

All charges for food, beverage, merchandise and services will be paid in cash, credit card, or via current membership charging procedures as may be modified from time to time.

#### **Section 3.03. Annual Dues Collection; Delinquency Report; Posting**

Member dues accounts that remain unpaid 20 days beyond the due date are considered delinquent and are subject to a one and one-half percent (1.5%) monthly service charge on any remaining, unpaid balance, beginning on the month following the mailing of the Club dues statement or may be charged directly to the credit card identified by the Member on the application for Membership. Members whose accounts are past due may be suspended from use of the Club facilities as outlined in the Membership Rules and Regulations.

If the Club account of any Member is delinquent, the Club may, at its option, take whatever action it deems necessary to effect collection. If the Club commences any legal action to collect any amount owed by any Member, or to enforce any other liability of any Member to the Club, and if judgment is obtained by the Club, the Member shall also be liable for all costs and expenses of the legal action and reasonable attorney's fees (including fees required in connection with appellate proceedings). Members may be expelled from the club for a delinquent account.

Delinquent Members, may be notified by certified mail that Membership privileges have been suspended. The Club may post the names of delinquent Members. If payment is not received within ten (10) days after suspension, the Member may be expelled from the Club.

#### **Section 3.04. Additional Charges Against Members**

Each Member is responsible for all intentional or negligent acts causing damage to Club property and/or third parties by Member or Member's Guests or family, and by accepting Membership in the Club, agrees to pay, upon demand, costs of any damages so caused, and costs of collection, including reasonable attorney's fees.

#### **Section 3.05. No Waiver**

In no event shall failure to expel a delinquent Member be construed a waiver or precedent barring suspension or expulsion of said delinquent Member at any later date, or of any other delinquent Member.

#### **Section 3.06 Availability**

The obligation to pay dues is not dependent on the availability of all the Club's designated facilities. Repair, or maintenance of facilities and/or other occurrences may make it necessary for the Club to restrict use of one or more of the facilities, or to temporarily close the Club. Dues will not be reduced or suspended during the time when the facilities are not available, unless Management so designates.

#### **Section 3.07 Expulsion**

Any Member may be expelled from the Club upon written notice from Management, where such Member is:

1. delinquent in the payments of his/her Club account;
2. guilty of any violation of the Club Rules and Regulation;
3. engaging or has engaged in conduct which tends to be inconsistent with the best interest of the reasonable and fair operation of the Club.

Expelled members are not entitled to a refund of any paid initiation fees or membership dues.

### **ARTICLE IV MISCELLANEOUS**

#### **Section 4.01. Prohibition Against Transfer**

Membership privileges cannot be assigned or transferred to others except as outlined in Section 2.07. Any attempted transfer not done in accordance with Section 2.07 is void.

#### **Section 4.02. Amendment of Club Rules**

These Club Rules and Regulations have been promulgated and adopted by Management. These Club Rules and Regulations may be amended at any time by Management with thirty (30) days written notice to Members, except as provided in Section 2.06. All members, regardless of the Rules and Regulations at the time of Initiation, must abide by the most current set of *Durango Mountain Club Rules and Regulations*.

### **ARTICLE V. GENERAL CLUB RULES DURANGO MOUNTAIN CLUB**

#### **Section 5.01. General Rules**

1. The Club and its facilities shall be open on the days and during the hours as established from time to time by Management.

2. Performance by entertainers will be permitted on the property of the Club only with the permission of Management.

3. Alcoholic beverages will only be served or sold in accordance with the laws of the State of Colorado and restrictions of applicable licenses. All alcoholic and other beverages and food consumed or otherwise possessed on the premises of the Club must be purchased from, or furnished by, the Club.

4. No solicitation of any kind shall be permitted on the property of the Club. Except as permitted in writing by the Club, no commercial advertisement shall be posted or circulated in the Club, nor shall solicitation of any kind be made on the Club facilities or upon the Club's stationery.

5. It is contrary to the policy of the Club to have its facilities used for functions or fund raising efforts for the benefit of a political cause, except as specifically permitted by Management. Other than as permitted in writing by the Club, no petition shall be originated, solicited, circulated or posted within the Club facilities.

6. Employees of the Club are not permitted to deliver food or liquor to locations away from the immediate area of the Clubhouse, pool or other designated areas of the Club, except pursuant to catering arrangements made with the Club.

7. Employees of the Club may perform special personal services for Members only when such employees are not on duty. Such services are not authorized by the

Club.

8. No pets are permitted on the Club's premises, except for seeing eye dogs.

9. All complaints, criticisms, or suggestions of any kind relating to any of the operations of the Club should be in writing, signed and addressed to the Club Manager or Management.

10. It is improper for any Member or Guest to abuse any of the Club's employees, verbally or otherwise. No Member or Guest shall reprimand or discipline any employee or send any employee off the premises of the Club for any reason. Any employee not rendering courteous and prompt service should be reported to the Club manager.

11. The roster of Members in the Club shall be used for Club purposes only, and shall not be used or given to anyone by a Member of the Club for any reason whatsoever.

12. Members of the Club shall conduct themselves so as not to disturb other Members in any area of the Club. Loud or disruptive behavior may result in the suspension of privileges of the Membership or expulsion from the club.

13. Violation of any of these rules or conduct in a manner prejudicial to the best interest of the Club will subject the person in violation to disciplinary action in accordance with the Membership Rules and Regulations.

14. Management of the Club reserves the right to amend or modify these rules when necessary and will notify the Membership of any change. Any change in these General Club Rules will be placed on the appropriate bulletin boards and shall become effective as of the indicated date.

15. No Member, Guest or visitor is allowed in the service areas of the Club.

16. The Club Manager shall be the representative of Management and the Club, and shall have the authority to maintain order on the Club's premises.

17. Management will set the hours of operation of the Club facilities. Management may close the Club facilities for repairs and maintenance at its discretion. Shoulder Season closing periods of approximately six weeks are anticipated.

#### **Section 5.02 Resignation, Suspension & Expulsion of Membership**

1. A Member may resign his or her Membership in the Club by delivering to the Membership Office of the Club written notice in accordance with the Membership Rules

and Regulations.

2. A Member may be suspended or expelled by the Club, or his or her use of the Club may be restricted for violating these rules, as they exist or are amended from time to time, or for any other reason set forth in the Membership Rules and Regulations. A member who has been suspended will continue to pay dues for the entire suspension period.

### **Section 5.03 Loss or Destruction of Property or Instances of Personal Injury**

1. Each Member, as a condition of Membership, and each Guest, as a condition of invitation to the premises of the Club, assumes sole responsibility for his/her property. The Club shall not be responsible for any loss or damage to any private property used or stored on the premises of the Club.

2. No person shall remove from the room in which it was placed or from the Club's premises, any property or furniture belonging to the Club without proper authorization. Every Member of the Club shall be liable for any property damage and/or personal injury at the Club or at any activity or function operated, organized, arranged or sponsored by the Club, that is caused by the Member, any Guest of the Member or any family member of the Member. The cost of any damage shall be charged to the Member's account.

3. Any member, guest, or other person who, in any manner makes use of, or accepts the use of, apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club, or who engages in any competition, game, function, contest, or any other activity operated, organized, arranged or sponsored by the Club, either on or off the Club's premises, shall do so at his or her own risk. All members understand that he or she is solely liable for any injury, damage or liability that may occur, and shall hold the DMMA and its Owners and affiliated entities including, without limitation, DSC/Purgatory, LLC and Durango Pinnacle Partners, L.L.C. and the directors, officers, employees, representatives and agents of the Club and DSC/Purgatory, LLC and Durango Pinnacle Partners, L.L.C. harmless from any and all loss, cost, claim injury, damage or liability sustained or incurred by him or her, resulting therefrom and/or from any act or omission of any director, officer, employee, representative or agent of DSC/Purgatory, LLC or Durango Pinnacle Partners, L.L.C. or the Club. Any members shall have, owe, and perform the same obligation to the Club and DSC/Purgatory, LLC or Durango Pinnacle Partners, L.L.C. and the directors, officers, employees, representatives and agents of the Club and DSC/Purgatory, LLC and Durango Pinnacle Partners, L.L.C. with respect to any such loss, cost, claim injury, damage or liability sustained or incurred by any guest of the

member.

### **Section 5.04 Reservations and Cancellations**

Reservations are required for some activities of the Club and are taken on a first-come, first-serve basis by preregistering with the appropriate personnel of the Club.

### **Section 5.05 Gratuities**

Tippling is permitted by Members of the Club or Guests with respect to parking, bag and locker attendants and wait staff. For tipping suggestions, see the Club Manager.

### **Section 5.06 Children**

Members are responsible at all times for the behavior of their children, grandchildren, and the guests of children, on Club property. Children must behave at all times with due consideration for the comfort and enjoyment of others and in a courteous manner toward the staff. Children twelve (12) and under must be accompanied by an adult at all times, and may be at the facilities only with the permission of the Club manager. Certain areas of the club may be restricted to those members and their guests who are 21 years of age or older.

### **Section 5.07 Attire**

Management reserves the right to establish a dress code for any area of the Club should practices warrant it. Use of the pool and spa areas will require all Members and guests to wear appropriate swim attire.

### **Section 5.08 Mailing Addresses**

Each Member shall be responsible for filing, with the Membership Office of the Club in writing, his or her mailing address and any changes hereto, to which the Member wishes all notices and invoices of the Club to be sent. A Member shall be deemed to have received mailings from the Club ten days after they have been mailed to the address on file with the Club.

### **Section 5.09 Club Services and Activities**

1. The Club desires to encourage the use of the Clubhouse facilities for Members' private parties, on any day or evening provided such use does not interfere with the normal operation of the Club or with the services regularly available to the Members. The hosting Member shall obtain approval from and make reservations with the Club Manager prior to any private party.

2. The Member of the Club sponsoring the private party shall be responsible for any damage caused by the installation of party decor and shall be responsible for removal of all such party decor. The Club reserves the right to charge an appropriate security deposit.

3. A Member holding a private party at the Club assumes full responsibility for the conduct of the Member's Guests in accordance with these rules.

#### **Section 5.10 Guests**

1. Guests of Members may be extended Guest privileges subject to applicable Guest fees, charges, and rules and regulations established from time to time by Management. Guest privileges may be denied, withdrawn or revoked at any time for reasons considered sufficient by Management in its sole and absolute discretion.

2. Guests will be entitled to use the facilities of the Club only in accordance with the privileges of the Membership of the sponsoring member upon payment of the applicable Guest fees and charges.

3. The Club Manager may, at his/her discretion, permit additional Guests on a space available basis and upon payment of a fee established by Management, or may further limit Guest use during peak periods.

4. Guests must be registered by the sponsoring Member with the Club.

5. The sponsoring Member shall be responsible for all charges incurred by the Guest. The sponsoring member is also responsible for the conduct of a Guest while at the Club. If the manner, deportment or appearance of any Guest is deemed to be unsatisfactory, the sponsoring Member shall at the request of the Club, cause such Guest to leave the premises of the Club.

6. Guests are not permitted to sponsor other Guests.

7. The Club reserves the right to require identification of any Guest.

8. Guests must be accompanied by the Member at all times when using any facility of the Club, unless otherwise determined by the Club from time to time.

9. Guests shall be initially limited to use of the Club facilities no more than once per month, and no more than eight (8) times during a 12-month period (subject to change in management's discretion).