

**RESERVATION PRIORITY AGREEMENT**

1111 Camino Condominium Units

Durango, CO

Updated 4-7-08

<b>FOR USE BY DEVELOPER ONLY:</b>	
<b>Priority Number assigned:</b> _____	<b>Developer Initials:</b> _____
<b>Date/Time:</b> _____	
<b>Condominium unit reserved:</b> _____	<b>Developer Initials:</b> _____
<b>Date/Time:</b> _____	

1. **The Project.** **Rio Development, LP** (“Developer”), a Colorado Limited Partnership, is planning to develop and construct a mixed-use condominium unit project to be known as 1111 Camino on property located at 1111 Camino Del Rio, Durango, Colorado. The Project will be comprised of 37 residential Condominium Units (“Condominium Units”) and approximately 2-4 commercial condominium units. Commercial condominium units are excluded from the Reservation Priority Agreement.

2. **The Condominium Unit.** \_\_\_\_\_ (the “Priority Client”), by executing this Reservation Priority Agreement (“Reservation”), has registered an interest in reserving a place in line for a future time when Developer will release individual unit prices and begin to take reservations on specific condominium units. This Reservation establishes the “picking order” within a group of Priority Clients registered with the Developer, and the right to choose any Condominium Unit from the remaining available units. As a result of this Reservation, the Priority Client is being assigned a Priority Number (shown at the top of this page) which designates the order in which Priority Client will be called upon (in relation to other Priority Clients) to designate a specific Condominium Unit from the Developer’s published list of Condominium Units. This Priority Number sequence begins at #3, after the right to choose any two (2) Condominium Units (picks #1 &2) by Developer partners. Pick #3 is reserved by Developer to a Buyer of units 37 and 31.

3. **Deposit.** Within three (3) business days of the execution of this Reservation to Developer or Developer’s sales agent(s), the Priority Client will deliver to Developer and/or Land Title Guarantee (“Escrow Agent”) good funds in the amount of \$1,000 as evidence of the Priority Client’s good faith expression of interest in purchasing a Condominium Unit. If such deposit is delivered to Developer as a Cahier’s Check, such check will be made payable to Land Title Guarantee. If funds are to be wired, please refer to the wiring instructions at the end of this paragraph. Such deposit is referred to as the Reservation Deposit herein. Any Reservation Deposits given directly to Developer will be immediately transferred to Escrow Agent. The Priority Client and Developer will both sign an escrow agreement supplied by Escrow Agent. The Escrow Agent will deposit each and every Reservation Deposit into its Escrow Account. Such Escrow Account and deposited Reservation Deposits are not accessible to Developer and are controlled solely by the Escrow Agent. The Reservation Deposit will be interest bearing at rates posted by the Escrow Agent’s bank. All monies deposited will accrue interest to the benefit of the Priority Client at the fluctuating bank rate of the Escrow agent’s bank account for the duration it is held in escrow, and will accrue to the benefit of the Priority Client. In order to facilitate the collection of interest for Priority Client and the sending of the required 1099’s at year-end, Priority client will complete and return “Form W-9”, which is incorporated into this Agreement. If the Reservation Deposit is not received by Developer or Escrow Agent within three (3) business days of the execution of this Reservation, then this Reservation will become null and void.

**WIRING INSTRUCTIONS**

<b>Bank:</b>	Bank of the San Juans 144 East Eighth Street Durango, CO 81301
<b>ABA:</b>	102106569
<b>Credit:</b>	Land Title Guarantee for Benefit of 1111 Camino Project
<b>Account #:</b>	8015885
<b>Priority Client's Name</b>	

4. **Not a Purchase.** By executing this Reservation, the Priority Client has not purchased a specific Condominium Unit, but has expressed an interest in purchasing a Condominium Unit at some future unspecified date. Priority Client understands that assignment of a Priority Number does not guarantee purchase of a Condominium Unit or otherwise convey equitable or legal interest in any Condominium Unit.

5. **Specific Unit Reservation.** At such future time as Developer shall designate, this Reservation may be converted, at Priority Client's option, to a Reservation on a specific Condominium Unit from the released and remaining available units, in the order designated by the Priority Client's assigned number and further explained in paragraph 2 above. At that time, the Reservation Deposit from this Agreement will be applied to the reservation on a specific Condominium Unit and designated in box above "For Use by Developer Only". A Priority Client will be able to reserve and execute a contract on any unit in which he (she) is willing to meet the terms attached thereto. If a Priority Client with a Reservation Priority Number does not reserve a specific Condominium Unit at the time and place designated by Developer to make such reservation, then Priority Client will receive a full refund, plus accrued interest. Developer reserves the right to determine the pricing and Contract Earnest Money Deposits on specific units, as well as the right to withhold units at any time for later release.

At the time of converting this Reservation into a reservation on a specific Condominium Unit, Priority Client shall provide to Developer a Qualification Letter (Qualification Letter herein) from a bank of Priority Client's choice stating that the Priority Client is pre-qualified to purchase the unit. (Developer will supply the form for this letter.) Upon review of the Qualification Letter, Developer, at its sole discretion, has the option to either accept or cancel a specific unit Reservation. In the event that Developer chooses to cancel the reservation with Priority Client, the Reservation Deposit and all accrued interest shall be immediately refunded to Priority Client.

6. **Purchase and Sale Agreement.** Before making the Condominium Unit available for purchase to any other party, Developer will submit to the Priority Client a purchase and sales agreement for the Condominium Unit and, at such time, will notify the Priority Client of the base price of the Condominium Unit. (The base purchase price within the purchase and sales agreement will not include the costs of any options or upgrades that may be selected by the Priority Client.) Any previous Reservation Deposit made by Priority Client will be applied to Contract Earnest Money Deposit at time of contract. **The Priority Client will have ten (10) calendar days after receiving the purchase and sale agreement for the Condominium Unit to complete the agreement and deliver an executed original to Developer, as well as any Contract Earnest Money due to Escrow Agent.**

7. **Conversion of Deposit to Earnest Money.** It is agreed that the Reservation Deposit will be credited toward the Earnest Money Deposit required under the Purchase and Sale Agreement for the Condominium Unit entered into by Developer and the Priority Client. Developer and the Priority Client will cooperate with the Escrow Agent to ensure the Reservation Deposit is so credited. Upon execution by all parties, Earnest Money Deposit required under the Purchase and Sale Agreement shall be **non-refundable**.

8. **Failure of Priority Client to Deliver Purchase and Sale Agreement.** If the Priority Client fails to execute and deliver the Purchase and Sale agreement for the Condominium Unit to Developer within the 10-day period described in paragraph 6 above, the Priority Client will be deemed to have waived his or her opportunity to purchase the Condominium Unit, and in such event, Developer will cause the Escrow Agent to return the Reservation Deposit to the Priority Client. Upon return of the Reservation Deposit to the Priority Client, this Reservation Agreement will automatically terminate and, thereafter, neither party will have any obligation to the other under this Reservation Agreement.

UPON FULL EXECUTION OF THE CONTRACT, SUCH CONTRACT SHALL SUPERSEDE THIS RESERVATION PRIORITY AGREEMENT AND THIS RESERVATION PRIORITY AGREEMENT SHALL

TERMINATE AND BE OF NO FURTHER FORCE AND EFFECT.

9. **Acknowledgments.** Developer and the Priority Client acknowledge and agree to the following:

a. Developer has made no commitment to complete development and construction of the 1111 Camino Del Rio project by any given time.

b. Final Design of the Condominium Unit has not been completed and Priority Client has no rights with respect to the design of the Condominium Unit until and as further specified in a subsequent binding purchase and sale agreement for the Condominium Unit between Developer and the Priority Client.

c. Either party may terminate this Reservation Agreement at any time by delivering a written termination notice to the other party. Upon termination of this Reservation Agreement pursuant to such a termination notice, Developer will cause the Escrow Agent to return the Reservation Deposit to the Priority Client with accrued interest and thereafter neither party will have any rights or obligations from this Reservation Agreement.

d. Priority Client understands that this Reservation Agreement is being entered into in advance of specific unit prices being released and in advance of the allowance by Developer of reservations on specific Condominium Units; and therefore, is not a contract for sale or transfer of the Condominium Unit or an offer to sell or transfer or negotiate sell or transfer of the Condominium Unit.

e. Developer has made no representation as to any investment value connected with the Condominium Unit.

f. Priority Client acknowledges that he/she has read and understands this Reservation Priority Agreement.

10. **Assignment.** This Reservation is personal to the Priority Client. Priority Client may not assign its interest in this agreement without the prior expressed written consent of the Developer. Any purported assignment of this agreement or any interest in it by the Priority Client will be void. Developer may assign this Reservation to any party at any time, including any affiliate of Developer.

11. **Broker Designation.** Priority Client hereby designates \_\_\_\_\_, \_\_\_\_\_ as their Real Estate Broker for the purpose of the Purchase and Sale Contract. If this Broker designation is left blank, then no Broker is designated and no Broker may be added to this Agreement. Priority Client is not required to disclose or designate any Real Estate Broker for the purpose of this Reservation Agreement, however, failure to disclose and designate a Real Estate Broker herein shall exempt Developer from any obligation to pay any commission or finder or referral fees to any Broker that may come forward to represent Priority Client after the date of this agreement

12. **No Recordation.** Neither Priority Client nor Developer shall record this Reservation Priority Agreement, nor any memorandum, addenda or notice of this Agreement, in any public records. In any event that Priority Client breaches this covenant, then, in addition to any other remedies Developer may have at law or in equity, Priority Client hereby grants a power of attorney to Developer (which power is coupled with an interest and shall be irrevocable) to execute and record on behalf of Priority Client a memorandum or other notice removing this Agreement or any memorandum, addenda or notice of this Agreement from the public records.

13. **Notices.** All notices or demands which may or are required to be given pursuant to this Reservation Priority Agreement must be in writing and shall be deemed to have been given when deposited in the United States mail, return receipt requested, postage prepaid, to the addresses set forth below:

Seller: Rio Development, LP  
1129 Main Ave., 2<sup>nd</sup> Floor  
Durango, CO 81301

Telephone: 970-259-7207

Facsimile: 970-382-8520

Priority Client: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Notice shall also be deemed to have been given when made in writing and hand delivered to any party or telecopied (facsimile transmission) to any party at the facsimile numbers set forth above. The address or facsimile number to which any notice, demand, or writing may be given or sent to any party may be changed by giving notice as provided herein.

14. **Attorney's Fees.** Should any litigation be commenced between the parties to this Agreement, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

15. **Governing Law.** This Agreement is made and shall be governed by and interpreted in accordance with the laws of the State of Colorado.

16. **Counterparts and Facsimile Transmission.** This agreement may be executed in several counterparts, each of which shall constitute the same agreement. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as transmission of an original.

**Seller:**  
**RIO DEVELOPMENT, LP**

By: \_\_\_\_\_ Date:

**Priority Client(s):** \_\_\_\_\_  
(Printed Name(s))

\_\_\_\_\_  
(Signature) Date:

\_\_\_\_\_  
(Signature) Date:

# Request for Taxpayer Identification Number and Certification

Give form to  
the requester. Do  
not send to IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)					
	Business name, if different from above.					
	Check appropriate box:	<input type="checkbox"/> Individual/ Sole proprietor	<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other:	<input type="checkbox"/> Exempt from backup withholding
	Address (number, street, and apt. or suite no.)				Requester's name and address (optional)	
	City, state, and ZIP code					
List account number(s) here (optional)						

<b>Part I Taxpayer Identification Number (TIN)</b>															
Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <b>How to get a TIN</b> on page 3. Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.				Social Security Number											
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**Part II Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

**Certification Instructions.** You must cross out item 2 above if you have been notified by IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment or secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

<b>Sign Here</b>	Signature of U.S. person →	Date →
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**Purpose of Form**

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note:** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,