

Commonly Asked Questions About the Third Amendment to the Cordillera Covenants

1. What is the purpose of the proposed Third Amendment?

The purpose of the Third Amendment is to simply define the terms “time-sharing” and “fraction sharing,” to clarify that the Cordillera Real Estate Transfer Assessment is applicable to the transfer of any time share or fractional unit, and to clarify that a person who purchases a permitted fraction or time-sharing unit may resell that unit in compliance with the Cordillera Covenants. The current Covenants refer to “time-sharing” and “fraction sharing” but do not define them, thus leaving open for interpretation what these terms are intended to mean.

2. What am I being asked to vote for or against?

A yes vote means you support amending the Cordillera Covenants to add definitions for the terms “time-sharing” and “fraction sharing” and to clarify that the Cordillera RETA applies to each. A no vote means you support leaving the Cordillera Covenants as they currently exist, with references to “time-sharing” and “fraction sharing” but no definition for either term.

3. Does the Third Amendment allow something that is currently prohibited within Cordillera?

No, the Third Amendment does not allow any property use that is currently prohibited within Cordillera. The Third Amendment is intended to offer clarity and precisions as to what, exactly, is meant by the terms “time-sharing” and “fraction sharing,” but it does not change what is currently permitted within Cordillera.

4. Does the Third Amendment prohibit something that is currently allowed within Cordillera?

No, the Third Amendment does not prohibit an owner from doing something that owner is currently permitted to do within Cordillera. The Third Amendment simply attempts to clarify the meaning of certain terms.

5. Are fractionals or time-shares currently permitted within Cordillera?

For all owners of units in Cordillera other than the Declarant and its assigns, fractionals or time-shares are permitted only with the prior approval of the CPOA Board of Directors, and the approval of the Board of Directors of any applicable subassociation, depending upon the requirements of the subassociation’s governing documents. The Declarant, and its successors or assigns, may operate fractionals or time-shares on units that it owns without the consent of the CPOA Board of Directors; however, for any units in a subassociation, the governing documents of that subassociation must also be complied with. Any person who purchases a permitted fraction or time-sharing unit may

resell that unit in compliance with the Cordillera Covenants (as well as subassociation governing documents, where applicable).

6. What, or who, is the Declarant?

The Declarant is the entity that originally prepared and recorded the Cordillera Covenants. That entity was Kensington Partners. In the Cordillera Covenants there are certain rights that the Declarant reserved for itself that permit the Declarant to do certain things that other owners might not be permitted to do. One such right is the right to operate a fractional or a time-share in a unit the Declarant owns.

7. I thought Kensington Partners no longer owned any property in Cordillera—how can it still have rights as a Declarant?

Most of the rights reserved to the Declarant in the Cordillera Covenants can be assigned to other entities. This summer, Kensington Partners assigned all of its rights under the Cordillera Covenants to an entity known as Cordillera Development, LLC. Cordillera Development, LLC, is an affiliate of the Wilhelm Family Partnership, the current owner of the Club at Cordillera. Thus, the current club owner, pursuant to the Cordillera Covenants, is permitted to operate time-shares or fractionals on units that it owns, provided that it also complies with any applicable subassociation requirements.

8. Does the Third Amendment change any of the rules adopted by the various subassociations?

No, the Third Amendment does not alter in any way any of the requirements or rules related to any of the subassociations within Cordillera. For each subassociation, with respect to the ability to operate time-shares or fractionals, one should review that subassociation's documents to understand what is or is not permitted within the particular subassociation.

9. If the Third Amendment doesn't change the rules in any way, then why is it necessary?

Since the Covenants were prepared in 1993, there have been many changes in how people own homes in resort communities. There are multiple types of ownership options, including time-shares, fractionals, interval estates, membership in LLCs, to name a few. Many of these terms are used in general conversations in a way that is not technically correct or precise. The CPOA Board felt it appropriate to help clarify and provide guidance to property owners as to what these various terms mean within the framework of the Cordillera Covenants, which currently do not provide clarity on these terms.