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**MASTER DEED RESTRICTION AGREEMENT
FOR THE OCCUPANCY AND RESALE OF
NORTH TRAIL TOWN HOMES**

THE MASTER DEED RESTRICTION AGREEMENT FOR THE OCCUPANCY AND SALE OF NORTH TRAIL TOWN HOMES (the Agreement) is made and entered into this 27th day of March, 2001, by The Town of Vail (the owner of the property and the improvements) (hereinafter known as the declarant), for the benefit of the parties and enforceable by the Town of Vail (hereinafter referred to also as the Town.)

WITNESSETH:

WHEREAS, Declarant owns the real property described in Exhibit A attached hereto and incorporated herein. For purposes of the agreement, the real property and all dwellings, appurtenances, improvements and fixtures associated therewith shall hereinafter be referred to as the Property; and

WHEREAS, Declarant agrees to restrict the acquisition or transfer of the Property to Qualified Buyers, as that term is defined in this agreement. In addition, the declarant agrees that this agreement shall constitute a resale agreement setting forth the maximum sales price for which the property may be sold (Maximum Sales Price), the amount of appreciation and the terms and provision controlling the resale of the Property should Declarant's purchaser desire to sell its interest in the Property at any time after the date of this Agreement. Finally, by this Agreement, Declarant agrees to restrict the property against use and occupancy inconsistent with this Agreement.

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WHEREAS, Qualified Buyers are natural persons meeting the requirements set forth by the Town of Vail Employee Housing Guidelines or its substitute, as adopted by the Town of Vail, or its successor, and in effect at the time of the closing of the sale from Declarant to the Qualified Buyer, and who must represent and agree pursuant to this Agreement to occupy the Property as their sole place of residence, not to engage in any business activity on the Property, other than that permitted in that zone district or by applicable ordinance, and not to sell or otherwise transfer the Property for use in a trade or business.

WHEREAS, an Owner is a person or persons who is/are a Qualified Buyer who acquires an ownership interest in the Property in compliance with the terms and provisions of this Agreement; it being understood that such person or persons shall be deemed an Owner hereunder only during the period of his, her or their ownership interest in the Property and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period.



WHEREAS, a Unit is any of the units A through F which comprise the Property.

WHEREAS it is anticipated that individuals shall acquire an ownership interest in the property or unit in the future and will be considered owners. Owners shall be obligated hereunder for the full and complete performance and observation of all covenants, conditions and restrictions contained herein.

NOW, THEREFORE, for value received, the receipt and sufficiency of which is hereby acknowledged, Declarant hereby represents, covenants and agrees as follows:

1. The use and occupancy of the Property shall henceforth be limited exclusively to housing for natural persons who meet the definition of Qualified Buyers and their families.
2. An Owner, in connection with the purchase of this Property or Unit, must:
 - a) Occupy any Unit within this Property as his or her sole place of residence during the time that such unit is owned;
 - b) Not engage in any business activity on or in such Unit, other than permitted in that zone district or by applicable ordinance;
 - c) Sell or otherwise transfer such Unit only in accordance with this Agreement and the Town of Vail Employee Housing Guidelines; and
 - d) Not sell or otherwise transfer such Unit for use in a trade or business; and
 - e) Not permit any use or occupancy of such Unit except in compliance with this Agreement.
3. Breach of Agreement:
 - a. It shall be a breach of this Agreement for Owner to default in payment or other obligations due or to be performed under a promissory note secured by a first deed of trust encumbering the Property or a Unit. Owner must notify the Town, in writing, of any notification received from a lender, or its assigns, of past due payments or default in payment or other obligations due or to be performed under a promissory note secured by a first deed of trust, as described herein, within five calendar days of Owners notification from lender, or its assigns, or said default or past due payments.



- b. Upon notification from Owner, as provided above, or other notice of such default, the Town may offer loan counseling or distressed loan services to the Owner, if any of these services are available, and is entitled to require the Owner to sell the Property or a Unit to avoid the commencement of any foreclosure proceeding against the Property or a Unit. In the event that the Town determines that sale of the Property or a Unit is necessary, Owner shall immediately execute a standard Listing Contract on forms approved by the Colorado Real Estate Commission with the Town, providing for a 30-day listing period. At this time, the Owner shall deposit with the Town an amount equal to one half percent (.5 %) of the estimated value of the Unit. If a sales contract has not been executed within the initial 30-day period, Owner shall extend the listing period for an additional 180 days, provided such extension does not conflict with the statutory rights of any secured creditors. The Town shall promptly advertise the Property for sale by competitive bid to Qualified Buyers. At the time of closing, the Owner shall pay to the Town an additional one and one half percent (1.5 %), for a maximum fee of two percent (2%). In the event of a listing of the Property pursuant to this Paragraph 3, the Town is entitled to require the Owner to accept the highest of any qualified bids which satisfies the Owners financial or other obligations due under the promissory note secured by a first deed of trust and deed of trust in favor of the Town, as described herein, and to sell the Property to such qualified bidder.
- c. Upon receipt of their notice as provided in paragraphs 3a and 3b, Declarant shall have the right, in sole discretion, to cure the default or any portion thereof. In such event, the Owner shall be personally liable to the Declarant for past due payments made by the Declarant together with interest thereon at the rate specified in the promissory note secured by the deed of trust; plus one percent (1%) and all actual expenses of the Declarant incurred in curing the default. The Owner shall be required by the Declarant to execute a promissory note secured by deed of trust encumbering the Property in favor of the Declarant for the amounts expended by the Town as specified herein, including future advances made for such purposes. The Owner may cure the default and satisfy its obligation to the Declarant under this subparagraph at any time prior to execution of a contract for sale, upon such reasonable terms as specified by the Declarant. Otherwise, Owners indebtedness to the Declarant shall be satisfied from the Owners proceeds at closing.
4. This Agreement shall constitute covenants running with the real property, described in Exhibit A, as a burden thereon, for the benefit of, and shall be specifically enforceable by the Town and their respective successors and assigns, as applicable, by any appropriate legal action including but not limited to specific performance, injunction, reversion, or eviction of non-complying owners and/or occupants.



Sara J Fisher Eagle, CO

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5. In the event that an Owner desires to sell the Property or Unit, the Owner shall execute a standard Listing Contract on forms approved by the Colorado Real Estate Commission with the Town providing for a 180-day listing period, or such other time period as required by the Town of Vail Employee Housing Guidelines in effect at time of listing. At this time, the Owner shall deposit with the Town an amount equal to one-half percent (.5%) of the estimated value of the Unit. The Town shall promptly advertise the Property or Unit for sale by competitive bid to Qualified Buyers. At the time of closing, the Owner shall pay to the Town an additional one and one-half percent (1.5-%). The Town may charge a fee based on the amount financed for any conventional loans. The amount of this fee to be paid by the subsequent Owner shall be as set forth in the current Town of Vail Employee Housing Guidelines and will be distributed to the Town.

MAXIMUM SALES PRICE

6. In no event shall the Property or a Unit be sold for an amount (Maximum Sales Price) in excess of the owners purchase price, plus an increase of three percent (3%) of such price per year from the date of purchase to the date of Owners notice of intent to sell (prorated at the rate of .25 percent for each whole month for any part of a year).

NOTHING HEREIN SHALL BE CONSTRUED TO CONSTITUTE A REPRESENTATION OR GUARANTEE BY THE TOWN OF VAIL THAT ON SALE THE OWNER SHALL OBTAIN THE MAXIMUM SALES PRICE.

7. Determining Maximum Sales Price:

- a. For the purpose of determining the Maximum Sales Price in accordance with this Section, the Owner may add to the amount specified in Paragraph 6 above, the cost of Permitted Capital Improvements (as defined in Exhibit B). The amount shall not exceed ten percent (10%) of the initial listed purchase price set forth in paragraph 6 above. For every ten-year (10) period, from the date of original purchase and deed restriction, another ten percent of the purchase price may be added to the value of the property for capital improvements. In calculating such amount, only those Permitted Capital Improvements identified in Exhibit B hereto shall qualify for inclusion. All such Permitted Capital Improvements installed or constructed over the life of the unit shall qualify.
- b. Permitted Capital Improvements shall not include any changes or additions to the Property made by the Owner during construction or thereafter, except in accordance with Paragraph 7a above. Permitted Capital Improvements shall not increase the base price, even if made or installed during original construction.
- c. In order to qualify as Permitted Capital Improvements, the Owner must furnish to the Town the following information with respect to the improvements which the Owner seeks to include in the calculation of Maximum Sales Price:



- 1) Original or duplicate receipts to verify the actual costs expended by the Owner for the Permitted Capital Improvements;
 - 2) Owners affidavit verifying that the receipts are valid and correct receipts tendered at the time of purchase; and
 - 3) True and correct copies of any building permit or certificate of occupancy required to be issued by the Town of Vail Building Department with respect to the Permitted Capital Improvements.
- d. For the purpose of determining the Maximum Sales Price in accordance with this Section, the Owner may also add to the amount specified in Paragraphs 6 and 7a, the cost of any permanent improvements constructed or installed as a result of any requirement imposed by any governmental agency, or Home Owners Association, provided that written certification is provided to the Town of both the applicable requirement and the information required by Paragraph 7c, 1 - 3.
- e. In calculating the costs under Paragraphs 7a and 7d, only the Owners actual out-of-pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to Owners sweat equity or to any appreciation in the value of the improvements.
8. Owner shall not permit any prospective buyer to assume any or all of the Owners customary closing costs nor accept any other consideration which would cause an increase in the purchase price above the bid price so as to induce the Owner to sell to such prospective buyer.
9. In the event that one qualified bid is received equal to the Maximum Sales Price herein established, the Property shall be sold to such bidder at the Maximum Sales Price; and in the event Owner receives two or more such bids equal to the Maximum Sales Price, the Qualified Buyer shall be selected according to the priority for Sale Units set forth in the Town of Vail Employee Housing Guidelines; and, in the event that all such qualified bidders are of equal priority pursuant to the Guidelines, the Qualified Buyer shall be selected by lottery among the qualified buyers, whereupon the Property or Unit shall be sold to the winner of such lottery at the Maximum Sales Price. If the terms of the proposed purchase contract, other than price, as initially presented to the owner, are unacceptable to the Owner, there shall be a mandatory negotiation period of three (3) business days to allow the Seller and potential buyer to reach an agreement regarding said terms, including but not limited to, the closing date and financing contingencies. If, after the negotiation period is over, the Seller and buyer have not reached an agreement, the next bidder's offer will then be presented to the Seller for consideration and a three (3) business day negotiating period will begin again. The seller may reject any and all bids, however, the Owner is subject to the provisions in the Town of Vail Employee Housing



Guidelines pertaining to the listing fee. Bids in excess of the Maximum Sales Price shall be rejected. If all bids are below Maximum Sales Price, Owner may accept the highest qualified bid. If all bids are below Maximum Sales Price and two or more bids are for the same price, the Qualified Buyer shall be selected by lottery from among the highest qualified bidders.

10. In the event that title to the Property or a Unit vests by descent in individuals and/or entities who are not Qualified Buyers as that term is defined herein (hereinafter Non-Qualified Transferee(s)), the Property or Unit shall immediately be listed for sale as provided in Paragraph 5 above (including the payment of the specified fee to the Town), and the highest bid by a Qualified Buyer, for not less than ninety-five percent (95%) of the Maximum Sales Price or the appraised market value, whichever is less, shall be accepted; if all bids are below ninety-five percent (95%) of the Maximum Sales price or the appraised market value, the Property or Unit shall continue to be listed for sale until a bid in accordance with this section is made, which bid must be accepted. The cost of the appraisal shall be paid by the Non-Qualified Transferee(s).
 - a. Non-Qualified Transferee(s) shall join in any sale, conveyance or transfer of the Property or Unit to a Qualified Buyer and shall execute any and all documents necessary to do so; and
 - b. Non-Qualified Transferee(s) agree not to: 1) occupy the Property or said Unit; 2) rent all or any part of the Property or Unit, except in strict compliance with Paragraph 14 hereof; 3) engage in any other business activity on or in the Property or Unit; 4) sell or otherwise transfer the Property or Unit except in accordance with this Agreement and the Employee Housing Guidelines; or 5) sell or otherwise transfer the Property or Unit for use in a trade or business.
 - c. The Declarant, or their respective successor, as applicable, shall have the right and option to purchase the Property or Unit, exercisable within a period of fifteen (15) calendar days after receipt of any sales offer submitted to the Town by a Non-Qualified Transferee(s), and in the event of exercising their right and option, shall purchase the Property or Unit from the Non-Qualified Transferee(s) for a price of ninety-five percent (95%) of the Maximum Sales Price, or the appraised market value, whichever is less. The offer to purchase shall be made by the Non-Qualified Transferee within fifteen (15) days of acquisition of the Property or Unit.
 - c. Where the provisions of this Paragraph 10 apply, the Town may require the Owner to rent the Property or Unit in accordance with the provisions of Paragraph 14, below.



OWNER RESIDENCE

11. The Property and all Units shall be and is/are to be utilized only as the exclusive and permanent place of residence of an Owner. A permanent residence shall mean the home or place in which ones habitation is fixed and to which one, whenever he or she is absent, has a present intention of returning after a departure or absence therefrom, regardless of the duration of absence. In determining what is a permanent residence, the Town staff shall take the following circumstances relating to the owner of the residence into account: business pursuits, employment, income sources, residence for income or other tax purposes, age, marital status, residence of parents, spouse and children if any, location of personal and real property, and motor vehicle registration.
12. In the event Owner changes domicile or ceases to utilize the Property or Unit as his sole and exclusive place of residence, the Property or Unit will be offered for sale pursuant to the provisions of Paragraph 10 of this Agreement. Owner shall be deemed to have changed Owners domicile by becoming a resident elsewhere or accepting permanent employment outside Eagle County, or residing on the Property or Unit for fewer than nine (9) months per calendar year without the express written approval of the Town. Where the provisions of this Paragraph 12 apply, the Town may require the Owner to rent the Property or Unit in accordance with the provisions of Paragraph 14, below.
13. If at any time the Owner of the Property or Unit also owns any interest alone or in conjunction with others in any developed residential property or dwelling unit(s) located in Eagle County, owner agrees to immediately list said other property or unit for sale and to sell Owners interest in such property at a sales price comparable to like units or properties in the area in which the property or dwelling unit(s) are located. In the event said other property or unit has not been sold by Owner within one hundred twenty (120) days of its listing, then Owner hereby agrees to immediately list this Property or Unit for sale pursuant to the provisions of Paragraph 10 of this Agreement. It is understood and agreed between the parties hereto that, in the case of an Owner whose business is the construction and sale of residential properties or the purchase and resale of such properties, the properties which constitute inventory in such an Owners business shall not constitute other developed residential property or dwelling unit(s) as those terms are used in this Paragraph 13.

RENTAL

14. Owner may not, except with prior written approval of the Town, and subject to Town of Vail's conditions of approval, rent the Property or Unit for any period of time. Prior to occupancy, any tenant must be approved by the Town and Homeowners Association, if applicable. The Town shall not approve any rental if such rental is being made by Owner to utilize the Property or Unit as an income producing asset, except as provided below, and shall not approve a lease with a rental term no less than thirty (30) days and no more than six (6) months without clear and convincing evidence that a lease longer than six



months (6) is necessary. A signed copy of the lease must be provided to the Town prior to occupancy by any tenant. Any such lease approved by the Town shall be equivalent to the monthly expenses for the cost of principal and interest payments, taxes, property insurance, condominium or homeowners assessments, utilities remaining in owners name, plus an additional twenty dollars (\$20) and a reasonable (refundable) security deposit.

The requirements of this paragraph shall not preclude the Owner from sharing occupancy of the Property or unit with non-owners on a rental basis provided Owner continues to meet the obligations contained in this Agreement, including Paragraph 11.

15. IN NO EVENT SHALL THE OWNER CREATE AN ADDITIONAL DWELLING UNIT, AS DEFINED IN THE TOWN OF VAIL LAND USE CODES, IN OR ON THE PROPERTY.
16. NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE TOWN OF VAIL TO PROTECT OR INDEMNIFY THE OWNER AGAINST ANY LOSSES ATTRIBUTABLE TO THE RENTAL, INCLUDING (NOT BY WAY OF LIMITATION) NON-PAYMENT OF RENT OR DAMAGE TO THE PREMISES; NOR TO REQUIRE THE TOWN TO OBTAIN A QUALIFIED TENANT FOR THE OWNER IN THE EVENT THAT NONE IS FOUND BY THE OWNER.

BREACH

17. In the event that the Town has reasonable cause to believe the Owner is violating the provisions of this Agreement, the Town, by its authorized representative, may inspect the Property or Unit between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Owner with no less than 24 hours written notice.
18. The Town of Vail, in the event a violation of this Agreement is discovered, shall send a notice of violation to the Owner detailing the nature of the violation and allowing the owner fifteen (15) days to cure. Said notice shall state that the Owner may request a hearing before the Town Manager within fifteen (15) days to determine the merits of the allegations. If no hearing is requested and the violation is not cured within the fifteen (15) day period, the Owner shall be considered in violation of this Agreement. If a hearing is held before the Vail Town Council or the Vail Local Housing Authority, the decision of the Town based on the record of such hearing shall be final for the purpose of determining if a violation has occurred.

If the Town determines that there has been a violation of the occupancy standards, the owner of the restricted employee-housing unit shall be found to be in non-compliance. Penalties the Town may assess against the owner include eliminating resale gain (per paragraph 7), and/or penalties found in the Town of Vail Municipal Code Section 1.01.100.



REMEDIES

19. There is hereby reserved to the parties hereto any and all remedies provided by law for breach of this Agreement or any of its terms. In the event the parties resort to litigation with respect to any or all provisions of this Agreement, the prevailing party shall be entitled to recover damages and costs, including reasonable attorneys fees.
20. In the event the Property or Unit is sold and/or conveyed without compliance herewith, such sale and/or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported buyer. Each and every conveyance of the Property or Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants herein contained, even without reference therein to this Agreement.
21. In the event that the Owner fails to cure any breach, the Town may resort to any and all available legal action, including, but not limited to, specific performance of this Agreement or a mandatory injunction requiring sale of the Property or Unit by Owner as specified in Paragraphs 3, 10, 12, and 13. The costs of such sale shall be taxed against the proceeds of the sale with the balance being paid to the Owner.
22. In the event of a breach of any of the terms or conditions contained herein by the Owner, his heirs, successors or assigns, the Towns initial listed purchase price of the Property or Unit as set forth in Paragraph 6 of this Agreement shall, upon the date of such breach as determined by the Town, automatically cease to increase as set out in Paragraph 6 of this Agreement, and shall remain fixed until the date of cure of said breach.

FORECLOSURE

23. The Declarant, pursuant to the Option to Buy attached hereto as Exhibit C, the terms of which are incorporated in this Agreement by this reference as if fully set forth herein, shall release and waive its ability to enforce the resale deed restrictions contained herein, in the event of foreclosure or the acceptance of a deed in lieu of foreclosure, provided that said Option to Buy grants to the Declarant the option to acquire the Property or Unit within thirty (30) days after the issuance of a public trustees deed to the holder (including assigns of the holder) of the promissory note secured by a first deed of trust for an option price not to exceed the redemption price on the last day of all statutory redemption period(s) and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure.

In the event that the Declarant exercises the option pursuant to the terms of that certain Option to Buy, described above, the Declarant and/or its designee, may sell the Property or Unit to Qualified Buyers as that term is defined herein, or rent the Property or Unit according to paragraph 14 until such time that the Property or Unit can be sold to a Qualified Buyer in accordance with the Town of Vail Employee Housing Guidelines and the Master Deed Restriction for North Trail Town Homes.



GENERAL PROVISIONS

24. Notices. Any notice, consent or approval which is required to be given hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with posting fully prepaid, to any address provided herein or to any subsequent mailing address of the party as long as prior written notice of the change of address has been given to the other parties to this Agreement.

Said notices, consents and approvals shall be sent to the parties hereto at the following addresses unless otherwise notified in writing:

To Declarant: Town of Vail
75 S. Frontage Road
Vail, CO 81657

To the Town: Housing Division
Town of Vail
75 S. Frontage Road
Vail, CO 81657

To Owner: To be determined by a later recorded memorandum encumbering each individual Property or Unit.

25. Exhibits. All exhibits attached hereto (Exhibits A, B and C) are incorporated herein and by this reference made a part hereof.
26. Severability. Whenever possible, each provision of this Agreement and any other related document shall be interpreted in such a manner as to be valid under applicable law; but if any provision of any of the foregoing shall be invalid or prohibited under said applicable law, such provisions shall be ineffective to the extent of such invalidity or prohibition without invalidating the remaining provisions of such documents.
27. Choice of Law. This Agreement and each and every related document is to be governed and construed in accordance with the laws of the State of Colorado.
28. Successors. Except as otherwise provided herein, the provisions and covenants contained herein shall inure to and be binding upon the heirs, successors and assigns of the parties.
29. Section Headings. Paragraph or section headings within this Agreement are inserted solely for convenience or reference, and are not intended to, and shall not govern, limit or aid in the construction of any terms or provisions contained herein.



30. Waiver. No claim of waiver, consent or acquiescence with respect to any provision of this Agreement shall be valid against any party hereto except on the basis of a written instrument executed by the parties to this Agreement. However, the party for whose benefit a condition is inserted herein shall have the unilateral right to waive such condition.
31. Gender and Number. Whenever the context so required herein, the neuter gender shall include any or all genders and vice versa and the use of the singular shall include the plural and vice versa.
32. Personal Liability. Owner agrees that he or she shall be personally liable for any of the transactions contemplated herein.
33. Further Actions. The parties to this Agreement agree to execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of this agreement or any agreement or document relating hereto or entered into in connection herewith.
34. Modifications. The parties to this Agreement agree that any modifications of this Agreement shall be effective only when made by writings signed by both parties and recorded with the Clerk and Recorder of Eagle County, Colorado. Notwithstanding the foregoing, the Town reserves the right to amend this Agreement unilaterally where deemed necessary to effectuate the purpose and intent of this Agreement, and where such unilateral action does not materially impair the Owners rights or any lender rights under this Agreement.
35. Owner and Successors. The term Owner shall mean the person or persons who shall acquire an ownership interest in the Property or Unit in compliance with the terms and provisions of this Agreement; it being understood that such person or persons shall be deemed an Owner hereunder only during the period of his, her or their ownership interest in the Property or Unit and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period.



IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year above first written.

DECLARANT: Town of Vail
75 S. Frontage Road
Vail, CO 81657

[Handwritten Signature]

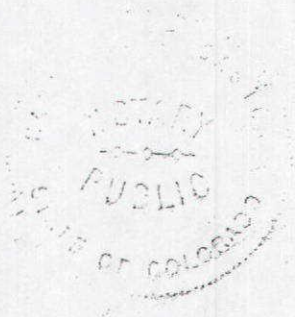
Title: Town Manager

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 27th day of March, 2001, by Robert W. McLannin.

Witness my hand and official seal.
My commission expires: April 2, 2003

[Handwritten Signature]

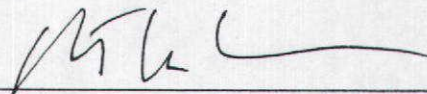


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ACCEPTANCE BY THE TOWN OF VAIL

The foregoing Master Deed Restriction Agreement for the Occupancy and Resale of the North Trail Town Homes of the Town of Vail and its terms are hereby adopted and declared by the Town of Vail.

TOWN OF VAIL

By: 

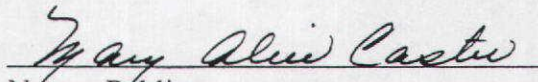
Title Town Manager

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this 27th day of March, 2001, by Robert W. McLaughlin.

Witness my hand and official seal.

My commission expires: April 2, 2003


Notary Public


Sara J Fisher Eagle, CO 23 R 90.00 D 0.00

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EXHIBIT A

Legal Description for the North Trail Town Homes

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A parcel of land situated in a part of Lot 1, Block H, Vail Das Schone – Filing No. 2, a resubdivision of lots 1-4, Town of Vail, County of Eagle, State of Colorado, per the plat thereof recorded February 13, 2001, at Reception Number 749907, in the office of the Eagle County Clerk and Recorder, said parcel being more particularly described as follows;

Beginning at the Northwesterly corner of said lot 1; thence along the boundary of said Lot 1 the following five courses: 1) $N81^{\circ}43'00''E$ 145.50 feet; 2) $S28^{\circ}50'00''W$ 62.50 feet; 3) $S49^{\circ}35'23''E$ 135.81 feet; 4) $S44^{\circ}36'00''W$ 19.00 feet; 5) 55.13 feet along the arc of a curve to the left with a radius of 362.32 feet, an interior angle of $08^{\circ}43'04''$ and a chord which bears $S40^{\circ}14'28''W$ 55.07 feet; thence departing said boundary $N80^{\circ}23'23''W$ 47.65 feet; thence $S09^{\circ}47'27''W$ 21.16 feet; thence $N81^{\circ}27'41''W$ 124.69 feet to a point on the westerly boundary of said Lot 1; thence $N01^{\circ}51'00''E$ 171.87 feet to the point of beginning.

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EXHIBIT B

Permitted Capital Improvements

1. The term Permitted Capital Improvement as used in the Agreement shall only include the following:
 - a. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacement and/or maintenance improvements;
 - b. Improvements for energy and water conservation;
 - c. Improvements for health and safety protection devices;
 - d. Improvements to add and/or finish permanent/finished storage space; and/or
 - e. Improvements to finish unfinished space.

2. Permitted Capital Improvements as used in this Agreement shall **NOT** include the following:
 - a. Upgrades/replacements of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of the unit;
 - b. The cost of adding decks and balconies, and any extension thereto;
 - c. Jacuzzis, saunas, steam showers and other similar items;
 - d. Improvements required to repair, replace and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, carpeting and other similar items; and/or;
 - e. Upgrades or addition of decorative items, including lights, window coverings and other similar items.

3. All Permitted Capital Improvement items and costs shall be approved by the Town staff prior to being added to the Maximum Resale Price as defined herein.



EXHIBIT C

OPTION TO BUY

In the event of a foreclosure by the holder (including here and hereinafter assigns of the holder) of the promissory note secured by a first deed of trust on North Trail Town Homes (hereinafter the Property), and subject to the issuance of a public trustees deed to the holder following the expiration of all statutory redemption rights, the Declarant shall have the option to purchase the Property which shall be exercised in the following manner:

a. Notice.

The holder shall give such notice to the Town as is required by law in the foreclosure proceeding.

Said notice shall be sent by certified mail, return receipt requested, and addressed as follows:

Housing Division
Town of Vail
75 S. Frontage Road
Vail, CO 81675

b. Option to Purchase.

The Declarant shall have 30 days after issuance of the public trustees deed in which to exercise this option to purchase by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure.

c. Title.

Upon receipt of the option price, the holder shall deliver to the Declarant a special warranty deed, conveying the property to the Declarant. The holder shall convey only such title as it received through the public trustees deed and will not create or participate in the creation of any additional liens or encumbrances against the Property following issuance of the public trustees deed to the holder. The holder shall not be liable for any of the costs of conveyance to the Town or its designee.



d. Release.

In the event that the holder is issued a public trustees deed and the Declarant does not exercise the option to purchase, as provided herein, the Town shall cause to be recorded in the records of the Clerk and Recorder of Eagle County a full and complete release of the Master Deed Restriction Agreement for the Occupancy and Resale of North Trail Town Homes affecting the Property which appear in said records at Reception Number _____. Such release shall be placed of record within 14 days after demand therefor by the holder following expiration of the option and a certified copy of the release shall be mailed to the holder upon its recordation.

e. Perpetuities Savings Clause.

If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Option to Purchase shall be unlawful or void for violation of: (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the period of the lives of the current duly elected and seated Town Council of the Town of Vail, Vail, Colorado, their now living descendants, if any, and the survivor of them, plus twenty-one (21) years.

f. Successors and Assigns.

Except as otherwise provided herein, the provisions and covenants contained herein shall inure to and be binding upon the heirs, successors and assigns of the parties hereto.

g. Modifications.

The parties hereto agree that any modification to this option to purchase shall be effective only when made be writing s signed by both parties and recorded with the Clerk and Recorder of Eagle County, Colorado.

