

**DEED RESTRICTION
FOR THE OCCUPANCY AND RESALE OF
ALTAIR VAIL INN UNIT #201-A**

THIS DEED RESTRICTION FOR THE OCCUPANCY AND RESALE OF ALTAIR VAIL INN UNIT #201-A (the "Restriction") is made and entered into this 16th day of January, 2008, by The Town of Vail and enforceable by the Town of Vail (the "Town".)

WITNESSETH:

WHEREAS, the Town owns the real property described as ALTAIR VAIL INN UNIT #201-A (a condominium), and known as 4192 Spruce Way #201-A, Vail, Colorado 81657. For purposes of this Restriction, the real property and all interests, appurtenances, improvements and fixtures associated therewith shall hereinafter be referred to as the "Property"; and

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

WHEREAS, Qualified Buyers are natural persons meeting the requirements set forth by the Town of Vail Employee Housing Guidelines, as adopted by the Town of Vail, or its successor(s), and in effect at the time of the closing of the sale from the Town to a Qualified Buyer, and who must represent and agree pursuant to this Restriction 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; and

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 Restriction; 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; and

Town of Vail

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Deed Restriction

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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 Restriction; 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; and

WHEREAS, the Property is a single unit within Altair Vail Inn (A condominium).

NOW, THEREFORE, for value received, the receipt and sufficiency of which is hereby acknowledged, the Town 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 the Property, must:
 - a) Occupy the Property as his or her sole place of residence during the time that the Property is owned; and
 - b) Not engage in any business activity on or in the Property, other than permitted in that zone district or by applicable ordinance; and
 - c) Sell or otherwise transfer the Property only in accordance with this Restriction and the Town of Vail Employee Housing Guidelines; and
 - d) Not sell or otherwise transfer the Property for use in a trade or business; and
 - e) Not permit any use or occupancy of the Property except in compliance with this Restriction.
3. Breach of Restriction:
 - a. It shall be a breach of this Restriction for an 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. An 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 (5) calendar days of Owner's notification from lender, or its assigns, of said default or past due payments.
 - b. Upon notification from an 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 to avoid the commencement of any foreclosure proceeding against the Property. In the event that the Town determines that sale of the Property is necessary, the 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 Property. 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, the Town shall have the right, in its sole discretion, to cure the default or any portion thereof. In such event, the Owner shall be personally liable to the Town for past due payments made by the Town 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 Town incurred in curing the default. The Owner shall be required by the Town to execute a promissory note secured by deed of trust encumbering the Property in favor of the Town 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 Town under this subparagraph at any time prior to execution of a contract for sale, upon such reasonable terms as specified by the Town. Otherwise, Owner's indebtedness to the Town shall be satisfied from the Owner's proceeds at closing.

4. This Restriction shall constitute covenants running with the real property, described as Altair Vail Inn Unit #201-A known as 4192 Spruce Way #201-A, Vail, Colorado 81657, 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.
5. In the event that an Owner desires to sell the Property, 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 Affordable 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 Property. 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%).

MAXIMUM SALES PRICE

6. In no event shall the Property be sold for an amount in excess of the Owner's subsidized purchase price, plus an increase of three percent (3%) of such price per year from the date of purchase to the date of Owner's notice of intent to sell, prorated at the rate of .25 percent for each whole month for any part of a year, (the "Maximum Sales Price") **NOTHING HEREIN SHALL BE CONSTRUED TO CONSTITUTE A REPRESENTATION OR**

GUARANTEE BY THE TOWN 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 A**", attached hereto and made a part hereof by this reference). The amount shall not exceed fifteen percent (15%) of the initial listed purchase price set forth in paragraph 6 above. For every ten (10)-year period, from the date of original purchase and deed restriction, another fifteen percent (15%) 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 A** hereto shall qualify for inclusion. All such Permitted Capital Improvements installed or constructed over the life of the Property shall qualify.

b. 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; and
- 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.

c. 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.

d. In calculating the costs under Paragraphs 7a and 7d, only the Owner's actual out-of-pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to Owner's "sweat equity" or to any appreciation in the value of the improvements.

8. The Owner shall not permit any prospective buyer to assume any or all of the Owner's 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 the 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. 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 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 Owner and the Qualified 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 Owner and Qualified Buyer have not reached an agreement, the next bidder's offer will then be presented to the Owner for consideration and a three (3) business day negotiating period will begin again. The Owner 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, the 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 vests by descent, distribution or any other means, in individuals and/or entities who are not Qualified Buyers as that term is defined herein (hereinafter "Non-Qualified Transferee(s)"), the Property 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 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 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; 2) rent all or any part of the Property, except in strict compliance with Paragraph 14 hereof; 3) engage in any other business activity on or in the Property; 4) sell or otherwise transfer the Property except in accordance with this Restriction and the Town of Vail Affordable Housing Guidelines; or

5) sell or otherwise transfer the Property for use in a trade or business; and

c. The Town, or its respective successors, as applicable, shall have the right and option to purchase the Property, 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 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(s) within fifteen (15) days of acquisition of the Property.

d. Where the provisions of this Paragraph 10 apply, the Town may require the Owner to rent the Property in accordance with the provisions of Paragraph 14, below.

OWNER RESIDENCE

11. The Property shall be and is 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 as his sole and exclusive place of residence, the Property will be offered for sale pursuant to the provisions of Paragraph 10 of this Restriction. Owner shall be deemed to have changed Owner's domicile by becoming a resident elsewhere or accepting permanent employment outside Eagle County, or residing on the Property 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 in accordance with the provisions of Paragraph 14, below.
13. If at any time the Owner of the Property 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 Owner's 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 the Owner hereby agrees to immediately list this Property for sale pursuant to the provisions of Paragraph 10 of this Restriction. 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 Owner's 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 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 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 with non-owners on a rental basis provided Owner continues to meet the obligations contained in this Restriction, 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 Restriction, the Town, by its authorized representative, may inspect the Property 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 Restriction 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 of Vail Housing Authority 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 Restriction. If a hearing is held before the Town Vail 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 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 Town any and all remedies provided by law for breach of this Restriction or any of its terms. In the event litigation is brought with respect to any or all provisions of this Restriction, the prevailing party shall be entitled to recover damages and costs, including reasonable attorney's fees.
20. In the event the Property is sold or conveyed without compliance herewith, such sale 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, for all purposes, shall be deemed to include and incorporate by this reference, the covenants herein contained, even without reference therein to this Restriction.
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 Restriction or a mandatory injunction requiring sale of the Property 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 Town's initial listed purchase price of the Property as set forth in Paragraph 6 of this Restriction shall, upon the date of such breach as determined by the Town, automatically cease to increase as set out in Paragraph 6 of this Restriction, and shall remain fixed until the date of cure of said breach.

FORECLOSURE

23. The Town, pursuant to the "Option to Buy" (attached hereto as "**Exhibit B**", and made a part hereof by this reference) 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 Town the option to acquire the Property 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 Town exercise the option pursuant to the terms of that certain Option to Buy, described above, the Town and/or its designee, may sell the Property to Qualified

Buyers as that term is defined herein, or rent the Property according to paragraph 14 until such time that the Property can be sold to a Qualified Buyer in accordance with the Town of Vail Affordable Housing.

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 an Owner as long as prior written notice of the change of address has been given to the Town.

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

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

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

To Owner: 4192 Spruce Way #201-A,
 Vail, Colorado 81657

25. Exhibits. All exhibits attached hereto (Exhibits A and B) are incorporated herein and by this reference made a part hereof.
26. Severability. Whenever possible, each provision of this Restriction 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 Restriction and each and every related document are 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.
29. Section Headings. Paragraph or section headings within this Restriction are inserted solely for convenience or reference, and are not intended to, and shall not govern, limit or aid in the

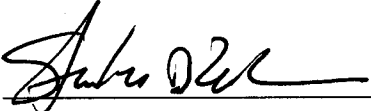
construction of any terms or provisions contained herein.

30. Waiver. No claim of waiver, consent or acquiescence with respect to any provision of this Restriction shall be valid against the Town herein except on the basis of a written instrument executed by the Town.
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. Modifications. Any modifications of this Restriction shall be effective only when made in writing signed by the Town and recorded with the Clerk and Recorder of Eagle County, Colorado. The Town reserves the right to amend this Restriction where deemed necessary to effectuate the purpose and intent of this Restriction.
34. Owner and Successors. The term Owner shall mean the person or persons who shall acquire an ownership interest in the Property in compliance with the terms and provisions of this Restriction; 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.

DECLARATION BY THE TOWN OF VAIL

The foregoing Deed Restriction for the Occupancy and Resale of Altair Vail Inn Unit #201-A (A condominium) 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 16th day of January, 2007, by Stan Zemler.

Witness my hand and official seal.
My commission expires: 02/24/2010

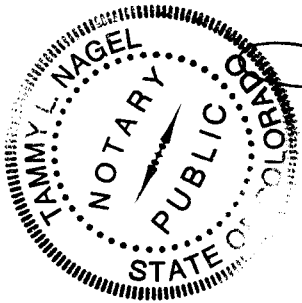
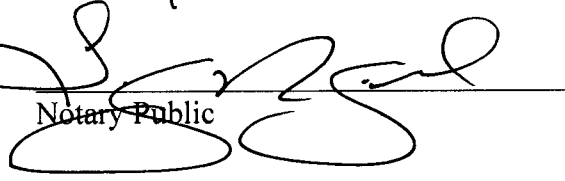
 
Notary Public

EXHIBIT A

Permitted Capital Improvements

1. The term Permitted Capital Improvement as used in the Restriction 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;
 - 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;
 - e. Improvements to finish unfinished space; and/or
 - f. Improvements required to replace the following functional items and the associated depreciation schedule shall be used along with an annual maximum price per improvement that will be allowed. The maximum annual price or the actual price paid, whichever is less, will be used to determine the value of the following improvements. The Town's Housing Coordinator shall have the ability to not approve the addition of any of these items if condition of the improvement has wear and tear beyond what should be expected of the improvement's age.
 - i. New Carpet and Carpet Pad
 - ii. New Hardwood, Wood Laminate, or Tile Floors and Base
 - iii. New Energy Star Rated Appliances (includes: clothes washer and dryer, refrigerator, range, dishwasher, and built-in microwave)
 - iv. New Baseboard, Window Casing, and/or Interior Doors when the entire unit is finished in an identical material and quality
 - v. New Counter Top in kitchens and bathrooms or bath tub surrounds
 1. 75% of the cost will be included in the Maximum Sales Price if the improvement(s) has been installed within 12 months of listing the unit.
 2. 50% of the cost will be included in the Maximum Sales Price if the improvement(s) has been installed in greater than 12 months and less than 36 months of listing the unit.
 3. 25% of the cost will be included in the Maximum Sales Price if the improvement(s) has been installed in greater than 36 months and less than 60 months of listing the unit.

4. No cost will be included in the Maximum Sales Price if the improvement(s) has been installed in greater than 60 months of listing the unit.
2. Permitted Capital Improvements as used in this Restriction shall NOT include the following:
 - a. The cost of adding decks and balconies, and any extension thereto;
 - b. Jacuzzis, saunas, steam showers and other similar items;
 - c. Improvements required to repair, replace and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, and other similar items; and/or
 - d. Upgrades or additions 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 B

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 Altair Vail Inn Unit #201-A known as 4192 Spruce Way #201-A, Vail, Colorado 81657 (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 Town 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:

Town of Vail Town Attorney
75 S. Frontage Road
Vail, CO 81675

b. Option to Purchase.

The Town 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 Town a special warranty deed, conveying the property to the Town. 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 Town 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 Deed Restriction for the Occupancy and Resale of Altair Vail Inn Unit #201-A (A Condominium) affecting the Property which appear in said records at Reception Number 200801106. 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.