

**MASTER DEED RESTRICTION  
FOR THE OCCUPANCY AND RESALE OF  
TOWN OF VAIL DEED RESTRICTED EMPLOYEE HOUSING DEVELOPMENTS**

**THIS MASTER DEED RESTRICTION FOR THE OCCUPANCY AND RESALE OF TOV EHU** (the Restriction) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 19\_\_, by The Town of Vail (the owner of the property and the improvements) (hereinafter known as the Declarant), and enforceable by the Town of Vail (hereinafter referred to as the Town.)

**WITNESSETH:**

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

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

**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 Buyers, 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.

**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.

**WHEREAS**, a Unit is any of the units \_\_\_\_\_ which comprise the Property.

**NOW, THEREFORE,** for value received, the receipt and sufficiency of which is hereby acknowledged, Declarants hereby represent, covenant and agree 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 Restriction 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 Restriction.
3. Breach of Restriction:
  - a. It shall be a breach of this Restriction 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, of 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 satisfy the Owner's financial or other obligations due under the promissory note secured by a first deed of trust and deed of trust in favor of the Declarant, as described herein, and to sell the Property to such qualified bidder.

- c. Upon receipt of its notice as provided in paragraphs 3a and 3b, Declarant 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 Declarant/s 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 a 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, Owner's indebtedness to the Declarant shall be satisfied from the Owners proceeds at closing.
4. The terms of this Restriction 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.
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 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 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 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 Owner's 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).

**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 Permitted 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) Owner's 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 Owner's 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 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 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 Restriction 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 Restriction, 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 Restriction and the Affordable Housing Guidelines; or 5) sell or otherwise transfer the Property or Unit for use in a trade or business.
- c. The Declarant/s, or their respective successors, 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.
- d. 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 an Owner changes domicile or ceases to utilize the Property or Unit as his or her sole and exclusive place of residence, the Property or Unit will be offered for sale pursuant to the provisions of Paragraph 10 of this Restriction. 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 Restriction. 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 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 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 less than thirty (30) days or 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 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 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 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 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 Restriction. If a hearing is held before the Town Manager, 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 Restriction or any of its terms. In the event the parties resort to litigation with respect to any or all provisions of this Restriction, 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 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 or Unit by Owner as specified in Paragraphs 3, 10, 12, and 13. The costs of such sale shall be assessed 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 or her heirs, successors or assigns, the Town's initial listed purchase price of the Property or Unit 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 Declarant, pursuant to the Option to Buy attached hereto as Exhibit C, the terms of which are incorporated in this Restriction 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 exercise 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 Affordable Housing Guidelines and the Master Deed Restriction.

### **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 Restriction.

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

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

To the Town:             Housing Policy Planner  
                                  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 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 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 Restriction are inserted solely for convenience of 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 any party hereto except on the basis of a written instrument executed by the parties to this Restriction. 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 requires 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 Restriction 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 Restriction or any Restriction or document relating hereto or entered into in connection herewith.
34. Modifications. The parties to this Restriction agree that any modifications of this Restriction 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 Restriction unilaterally where deemed necessary to effectuate the purpose and intent of this Restriction, and where such unilateral action does not materially impair the Owners rights or any lender rights under this Restriction.
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 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 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.



ACCEPTANCE BY THE TOWN OF VAIL

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

**TOWN OF VAIL**

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

Title \_\_\_\_\_

STATE OF COLORADO    )  
  )    ss.  
COUNTY OF EAGLE    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**EXHIBIT A**

**Legal Description for \_\_\_\_\_**

## EXHIBIT B

### 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.

**Maximum Annual Price  
For Permitted Capital Improvements  
September 1, 2007 to August 31, 2008**

The Maximum Annual Price or the actual price paid per Improvement, whichever is less, per the depreciation calendar listed above, may be added to the Maximum Sales Price of a unit.

1.	Carpet and Pad	\$4.00 per square foot
2.	Hardwood or Wood Laminate	\$7.00 per square foot
3.	Tile Floor and Base	\$10.00 per square foot
4.	Clothes Washer	\$800.00
5.	Clothes Dryer	\$800.00
6.	Refrigerator	\$1,500.00
7.	Range	\$900.00
8.	Dishwasher	\$500.00
9.	Over-the-Range Microwave	\$400.00
10.	Baseboard	\$5.00 per linear foot
11.	Window Casing	\$4.00 per linear foot
12.	Interior Doors	\$200.00 per door
13.	Counter Top	\$50.00 per square foot
14.	Bath Tub Surround	\$5.00 per square foot

The Maximum Annual Price includes the cost for materials and installation. No exceptions will be made. Sweat equity shall not be added to the actual expenses incurred.

If the Maximum Annual Price is less than the expense actually incurred by an Owner the depreciation schedule will apply to the Maximum Annual Price.

The amount for Permitted Capital Improvements shall not exceed fifteen percent (15%) of the initial listed purchase price. For every ten-year (10) period, from the date of original purchase and deed restriction, another fifteen percent of the purchase price may be added to the value of the property for capital improvements.

The terms of the Master Deed Restriction shall apply to the above Permitted Capital Improvements as well. See Paragraph 7 for specific detail.

## 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 \_\_\_\_\_ (Herein after the Property), and subject to the issuance of a public trustee's deed to the holder following the expiration of all statutory redemption rights, the Declarant shall have the option to buy 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 Policy Planner  
Town of Vail  
75 S. Frontage Road  
Vail, CO 81657

b. Option to Buy.

The Declarant shall have 30 days after issuance of the public trustee's deed in which to exercise this option to buy 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 trustee's deed and will not create or participate in the creation of any additional liens or encumbrances against the Property following issuance of the public trustee's 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 trustee's deed and the Declarant do 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 for the Occupancy and Resale of \_\_\_\_\_ affecting the Property which appears in said records in Book \_\_\_\_\_ at Page \_\_\_\_\_. 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 Buy 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 Buy shall be effective only when made by writings signed by all parties and recorded with the Clerk and Recorder of Eagle County, Colorado.