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**Master Deed Restriction Covenant
for the Occupancy and Resale of
Units at Hidden River Lodge**

This Master Deed Restriction Covenant for the Occupancy and Resale of Units at Hidden River Lodge (this "Covenant") is made and entered into this 14th day of Feb, 2000, by Hidden River Lodge Development, LLC, a Colorado limited liability company ("Hidden River") for the benefit of Summit County, a political subdivision of the State of Colorado ("Summit County"), the Keystone Employee Housing Review Board, Inc., a Colorado nonprofit corporation, Vail Summit Resorts, Inc., a Colorado corporation d/b/a Keystone Resort, Inc. ("Keystone"), and Keystone/Intrawest L.L.C, a Delaware limited liability company d/b/a Keystone Real Estate Developments ("KRED").

WITNESSETH:

Whereas, Hidden River is the owner of the sixteen residential condominium units located in the Hidden River Lodge described on Exhibit A attached hereto (the "Units");

Whereas, Hidden River desires to restrict the Units as "employee housing ownership units" under the terms of the Diamond Run Lodge Planned Unit Development recorded in the office of the Summit County Clerk and Recorder on Oct 9, 1998, under Reception No. 522861

Whereas, Hidden River further desires to restrict the Units for use as "employee housing" within the meaning of the Keystone PUD (as such term is hereafter defined);

Whereas, KEHRB is organized for the purpose of monitoring the provision of employee housing under the Keystone PUD; and

Whereas, Hidden River desires to restrict the acquisition, leasing and resale of the Units to "Qualified Buyers" and "Qualified Residents" as those terms are defined herein and to otherwise restrict the use and occupancy of the Units in accordance with the terms hereof.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the promises and covenants hereinafter set forth, Hidden River hereby declares, covenants and agrees as follows:

**Article I
Definitions**

A. Declaration Definitions Apply. Except for terms otherwise defined in this Covenant, the definitions set forth in the Declaration of Covenants, Conditions and Restrictions for Hidden River Lodge,

recorded contemporaneously herewith in the Summit County Clerk and Recorder's records (the "Declaration"), shall apply to this Covenant.

- B. **KEHRB**. "KEHRB" means the Keystone Employee Housing Review Board, Inc., a Colorado nonprofit corporation, and any successor or equivalent body hereafter created to perform the duties assigned to KEHRB under the Keystone PUD.
- C. **Keystone PUD**. "Keystone PUD" shall mean the Keystone Resort Planned Unit Development Designation, as amended, recorded in the office of the Summit County Clerk and Recorder on January 29, 1998, under Reception No. 557596, as it may hereafter be amended.
- D. **Listing Price**. "Listing Price" means the maximum price at which a Unit Owner may list his or her Unit for sale in accordance with the terms and conditions of Article VI below.
- E. **Qualified Buyer**. "Qualified Buyer" shall mean: (i) a Qualified Resident, as such term is hereafter defined; or (ii) a person or entity which employs one or more Qualified Residents; or (iii) a person or entity in which an Investor shall purchase a unit for the sole purpose of renting it to a "Qualified Resident".
- F. **Qualified Resident**. "Qualified Resident" or "Qualified Residents" shall mean and refer to a person or persons within a household who meet the following requirements;
1. at least one member of the household shall qualify as an "employee" within the meaning of the Keystone PUD; or If a person leaves employment within the Keystone PUD but remains employed in Summit County they are still eligible; or
 2. no member of the household may own any other real property within Summit County, Colorado.

This definition shall be subject to amendment from time to time by KEHRB, so long as the Units shall continue to be considered by Summit County to constitute "employee housing" within the meaning of the Keystone PUD and the substantive rights of the Unit Owners and Mortgagees are not materially impaired.

- G. **Unit**. "Unit" or "Units" shall mean the residential condominium units described on Exhibit A attached hereto.
- H. **Unit Owner**. "Unit Owner" shall mean the Owner (as defined in the Declaration) of a Unit.

Article II Covenant Binds the Units

The terms of this Covenant shall constitute covenants running with the Units as a burden thereon, for the benefit of, and enforceable by, Summit County, KEHRB, KRED and Keystone. This Covenant shall bind each Unit Owner, and each Unit Owner shall be personally obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during the Unit Owner's period of ownership of a Unit. Each and every conveyance of a Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants contained in this Covenant, even without reference to this Covenant in any document of conveyance.

Article III Restrictions

The following restrictions shall apply to each Unit and Unit Owner:

- A. Use and Occupancy. The use and occupancy of the Units shall be limited exclusively to housing for natural persons who meet the definition of Qualified Buyers or Qualified Residents. A Unit Owner shall not permit any use or occupancy of such Unit except in compliance with this Covenant.
- B. Sale and Transfer. A Unit Owner shall sell or otherwise transfer his or her Unit only in accordance with this Covenant and the rules and regulations of KEHRB.
- C. Encumbrances. A Unit Owner shall not encumber the Unit in an amount which, together with all other indebtedness secured by the Unit, is in excess of the purchase price paid by the Unit Owner for the Unit without the approval of KEHRB, which may be withheld at its sole discretion.
- D. KEHRB Rules and Regulations. Each Unit Owner shall comply with the published rules and regulations of KEHRB, as the same may be amended from time to time and notice of which is given to the Unit Owner.
- E. Partition, Conversion and Subdivision. In no event shall a Unit Owner partition a Unit, convert a Unit into multiple dwelling units or subdivide a unit, whether or not such rights are granted by the Declaration, the Act or applicable law, all such rights being hereby expressly waived.
- F. Removal of Interior Partitions. No Unit Owner shall remove interior partition walls so as to reduce the number of available bedrooms in a Unit, whether or not such right is granted by the Declaration, the Act or applicable law, all such rights being hereby expressly waived.

- G. Declaration. The terms and conditions of the Declaration are incorporated herein by this reference. Notwithstanding the foregoing, if there is any conflict or inconsistency between the terms and conditions of the Declaration and the terms and conditions of this Covenant, the terms and conditions of this Covenant shall control and be binding.

Article IV Voluntary Sales

- A. Terms of Voluntary Sales. Except as provided to the contrary in Article V below, a Unit Owner may sell his or her Unit upon such terms and conditions as the Unit Owner and his or her transferee may agree; subject, however, to the restrictions, requirements and conditions imposed by this Covenant, including, without limitation, the restriction that a Unit may not be sold for an amount in excess of the Listing Price for voluntary sales as set forth in Paragraph IV.B.5 below.
- B. Requirements for Voluntary Sales.
1. In the event that a Unit Owner desires to sell his or her Unit, the Unit Owner shall provide to KEHRB a written notice of the Unit Owner's intent to sell the Unit prior to selling or offering such Unit for sale.
 2. Each sales contract for a Unit shall (a) recite that the proposed purchaser has read, understands and agrees to be bound by the terms of this Covenant; (b) require the proposed purchaser to submit such information as may be required by KEHRB under its rules and regulations to determine whether such purchaser is a Qualified Buyer; and (c) make the certification by KEHRB of the purchaser as a Qualified Buyer a condition precedent to the transfer of title.
 3. KEHRB shall have all additional rights as may be necessary to ensure that the restrictions imposed by this Covenant are complied with in connection with each sale of a Unit.
 4. Upon the consummation of any sale, an amount equal to one half of one percent of the purchase price (1/2%), net of real estate commissions, shall be paid to KEHRB, which amount shall constitute a lien upon the Unit until paid. Such amount shall not constitute a penalty or forfeiture, but shall be for the purpose of defraying the expenses of KEHRB, Summit County, KRED and Keystone in administering and enforcing this Covenant. Any purported voluntary sale of a Unit in violation of this Article shall be void and ineffective.

5. **Notwithstanding anything to be contrary contained in this Covenant, a Unit to be sold under this Article IV may not be sold for an amount in excess of the Listing Price for voluntary sales described in Section VI.A below.**

Article V Involuntary Sales

A. Mortgage Default.

1. **It shall be a breach of this Covenant for a Unit Owner to default in payment or other obligation to a Mortgagee. Unit Owners must notify KEHRB in writing, within five (5) calendar days of the Unit Owner's notification from a Mortgagee, of any notification from such Mortgagee of past due payments or default in payment or other obligations due or to be performed under a Mortgage.**
2. **Upon notification from a Unit Owner, as provided in Subsection V.A.1 above, or other notice of such default, KEHRB, at its sole discretion, may require the Unit Owner to participate in loan counseling or distressed loan services, if any of these services are available. In the alternative, subject to Section VIII.B below, KEHRB may require the Unit Owner to sell the Unit to avoid the commencement of any foreclosure proceeding against the Unit. In the event that a Unit is offered for sale pursuant to this Article V, KEHRB is entitled to require the Unit Owner to sell the Unit in accordance with the procedure set forth in Article V at the Listing Price for involuntary sales described in Section VI.B below.**
3. **Upon receipt of notice regarding a default in the Mortgage as provided in Subsection V.A.1 and 2 above, KEHRB shall have the additional right, in its sole discretion, to directly cure the default or any portion thereof. In such event, the Unit Owner shall be required to execute a promissory note (the "KEHRB Note") in favor and to the order of KEHRB for the amounts expended by KEHRB to cure the default, including attorney's fees and costs incurred by KEHRB, and any future advances made for such purposes, plus a deed of trust securing payment thereof encumbering the Unit in favor and for the use and benefit of KEHRB. The Unit Owner shall be personally liable to KEHRB for, and the amount of the KEHRB Note shall reflect, (a) all payments made by the KEHRB to cure the default; (b) all actual expenses of KEHRB incurred in curing the default, including attorney's fees and costs made or incurred by KEHRB, plus the amount equal to one percent (1%) of the costs so expended; and (c) interest thereon at the rate specified in the KEHRB Note.**

The Unit Owner may cure the default and satisfy its obligation to the KEHRB under this Subsection V.A.3 at any time without penalty, or such amount shall be satisfied from the Unit Owner's proceeds from the sale of the Unit at the closing thereof.

B. Change of Status.

1. A Unit Owner must notify KEHRB in writing, within five (5) calendar days of the occurrence of any event which would cause him or her to be disqualified as a Qualified Buyer under the terms of this Covenant. Whether or not such notice is given, in the event that KEHRB determines that a Unit Owner has ceased to qualify as a Qualified Buyer under the terms of this Covenant (whether due to descent and inheritance following the death of a Unit Owner, the sale of the Unit Owner's business, loss of employment by a Unit Owner or otherwise) and so notifies the Unit Owner pursuant to Section VIII.B below, such Unit Owner shall offer his or her Unit for sale upon such terms as the Unit Owner may determine, subject however to the restrictions, requirements and conditions imposed by this Covenant, including, without limitation, the restriction that a Unit may not be sold for an amount in excess of the Listing Price for voluntary sales described in Section VI.A below for a period of ninety days.
2. If the Unit Owner does list his or her Unit for sale, but the Unit has not been sold to a Qualified Buyer during such ninety day period, KEHRB may, at its sole discretion, permit the Unit Owner to offer the Unit for sale at the Listing Price for voluntary sales described in Section VI.A below for additional periods, or may require the Unit Owner to sell the Unit at the Listing Price for involuntary sales described in Section VI.B below.
3. If the Unit Owner fails or refuses to list the Unit for sale within fifteen days of a notice from KEHRB, KEHRB may require the Unit Owner to offer the Unit for sale at the Listing Price for involuntary sales described in Section VI.B below.

C. Requirements for Involuntary Sales.

1. If a Unit Owner is required to offer his or her Unit for sale pursuant to this Article V, the Unit Owner shall offer his or her Unit for sale in accordance with the restrictions, requirements and conditions imposed by this Covenant, including, without limitation, the restriction that a Unit may not be sold for an amount in excess of the Listing Price as set forth in Paragraph V.C.7 below.

2. In the event that KEHRB is authorized to require the sale of a Unit pursuant to this Article V, the Unit Owner shall immediately execute a standard exclusive right to sell listing agreement (the "Listing Contract") with a KEHRB approved real estate brokerage company for the sale of the Unit, offering the Unit for sale at not greater than the Listing Price for voluntary sales or involuntary sales as required by this Article V, subject to the preemptive rights granted to KEHRB, Summit County, KRED and Keystone by Subsection V.C.3 below. The Listing Contract shall specify a period of time as determined by KEHRB, at its discretion, (the "Listing Period") during which offers to purchase will be accepted; provided, however, that KEHRB, at its discretion, may permit the Unit to be offered for sale for successive Listing Periods if no sale occurs during the previous Listing Period.
3.
 - a. KEHRB shall have the right and option to purchase the Unit, exercisable within a period of fifteen (15) calendar days after the execution of the Listing Contract. In the event that KEHRB fails to exercise its option, KEHRB shall give prompt written notice thereof to KRED, Keystone and Summit County and KRED, Keystone and Summit County shall have the right and option, for an additional period of fifteen (15) calendar days after their receipt of such notice, to purchase the Unit.
 - b. The purchase price for the Unit under this Subsection V.C.3 shall be equal to (i) ninety-five percent (95%) of the maximum Listing Price for involuntary sales described in Section VI.B below, or (ii) the appraised market value as of the date of the Listing Contract, as determined by a licensed real estate appraiser selected by KEHRB, whichever is less. Any appraisal costs shall be paid by the party exercising the option. In the event that an option is exercised to purchase a Unit at an appraised value, the Unit Owner may give written notice of an objection to the appraised value within fifteen (15) days after the exercise of the option, and the party exercising the option shall thereupon, at its expense, obtain a second appraisal of the Unit from a licensed real estate appraiser. The sales price for the Unit shall be the lesser of (i) the average of the two appraisals, or (ii) ninety-five percent (95%) of the maximum Listing Price for involuntary sales described in Section VI.B below, and shall be paid within fifteen (15) days of the date of the second appraisal.
 - c. The options granted by this Subsection V.C.3 shall be exercised by written notice to the Unit Owner within the applicable time period, and the purchase price shall be paid in cash or other readily available funds within thirty days after the date of exercise.

The KRED option shall have priority over the Keystone option and the Summit County option, and the Keystone option shall have priority over the Summit County option. As such, (i) if KRED exercises its option, it shall be entitled to purchase the Unit, regardless of whether Keystone or Summit County has exercised its option, and (ii) if Keystone exercises its option and KRED fails to exercise its option, Keystone shall be entitled to purchase the Unit, regardless of whether Summit County has exercised its option.

- d. If an exercising party fails to tender the purchase price as required hereunder, the Unit shall be listed for sale at no more than the maximum Listing Price for involuntary sales described in Section VI.B below as though no party had exercised an option under this Subsection V.C.3.
4. Where the provisions of this Article V apply, KEHRB may require the Unit Owner to rent the Unit in accordance with the provisions of Article VII below. Unless otherwise specified by KEHRB, and subject to the terms of any First Mortgage, all rents received as a result of such rental shall be paid to KEHRB and used, first, to pay any fees, costs or other expenses incurred by KEHRB, Summit County, KRED and Keystone in enforcing this Covenant, or damages resulting from any breach of this Covenant; second, to cure any monetary default of the Unit Owner which has resulted in the mandatory sale of the Unit under this Article; third, to establish a reserve account for the benefit of the Unit Owner to avoid future monetary defaults; and the remainder shall be paid over to the Unit Owner.
5. At the time of any sale of the Unit pursuant to this Article (excluding sales pursuant to Subsection V.C.3), the Unit Owner shall pay to KEHRB an amount equal to one half of one percent (1/2%) of the sale price, net of real estate commissions, which amount shall constitute a lien upon the Unit until paid. Such amount shall not constitute a penalty for forfeiture, but shall be for the purpose of defraying the expenses of KEHRB, Summit County, KRED and Keystone in administering and enforcing this Covenant.
6. If, at any time prior to entering into a binding contract for sale of the Unit, the Unit Owner cures any default or removes any other condition which resulted in the mandatory sale of a Unit pursuant to the terms of this Article (including the payment of any costs or expenses incurred or damages suffered by Summit County, KEHRB, KRED or Keystone which are payable by the Unit Owner under the terms of this Covenant), KEHRB shall retract its demand for sale and such Unit Owner may continue as the owner of the Unit, subject to the terms of this Covenant.

7. Notwithstanding anything to the contrary contained in this Covenant, a Unit required to be sold under this Article V may not be sold for an amount in excess of the Listing Price for voluntary or involuntary sales (as applicable pursuant to this Article V) described in Sections VI.A and VI.B below.

D. Sale and Priority Among Offers.

1. Subject to the provisions of this Section V.D, and provided that a preemptive option to purchase the Unit is not exercised pursuant to Subsection V.C.3, the Unit Owner shall accept the highest offer for the purchase of the Unit which is submitted by a Qualified Buyer during the Listing Period; provided, however, that if no offer is received which equals the Listing Price, KEHRB, at its discretion, may permit the renewal of the Listing Contract for additional Listing Periods in order to encourage offers equal to the Listing Price. In the event of a tie, the Unit Owner may select which offer to accept. If the Unit Owner fails to make such selection within five days of a demand from KEHRB, the offeror with the highest priority on a waiting list maintained by KEHRB shall be selected as the purchaser of the Unit (or, in the event that all such qualified offerors are of equal priority or if no waiting list has been maintained by KEHRB, the Qualified Buyer shall be selected by lottery among the tied Qualified Buyers, whereupon the Unit shall be sold to the winner of such lottery).
2. If the terms of the purposed purchase contract as initially presented to the Unit Owner, other than price, are unacceptable to the Unit Owner, there shall be a mandatory negotiation period of five (5) business days to allow for the Unit Owner and potential buyer to reach an agreement regarding the terms, including but not limited to, the closing date and financing contingencies. Unit Owner will not unreasonably reject the purchase terms presented by a purchaser as a result of a good faith negotiation period. If, after the negotiation period is over, the Unit Owner and potential buyer have not reached an agreement, the offer of the offeror next in priority will then be presented to the Unit Owner for consideration and a five (5) business day negotiating period will begin again.

**Article VI
Listing Price**

A. Listing Price for Voluntary Sales. Initial listing prices are; \$105,900 for a one bedroom, \$129,900 for a two bedroom and 148,900 for a three bedroom.

1. Subject to the increase for Permitted Capital Improvements described in Section VI.C below, the "Listing Price" of a Unit for a voluntary sale may not exceed the greater of:

- a. the purchase price paid by the Unit Owner for the Unit, plus an increase of six percent (6%) of such purchase price per year from the date of the Unit Owner's purchase of the Unit to the date of the Unit Owner's execution of the Listing Contract, compounded annually (prorated at the rate of 0.50 percent for each whole month); and
- b. the purchase price paid by the Unit Owner for the Unit, plus a percentage increase equal to the percentage increase in the Consumer Price Index--All Urban Consumers, U.S. City Average, All Items (1982 - 84 = 100), as published by the Bureau of Labor Statistics of the United States Department of Labor (or any successor publication thereto) from the date of the Unit Owner's purchase of the Unit to the date of the Unit Owner's execution of the Listing Contract.

B. Listing Price for Involuntary Sales. Subject to the increase for Permitted Capital Improvements described in Section VI.C below, the "Listing Price" of a Unit for an involuntary sale may not exceed the purchase price paid by the Unit Owner for the Unit, plus an increase of three percent (3%) of such purchase price per year from the date of Unit Owner's purchase of the Unit to the date of Unit Owner's execution of the Listing Contract, compounded annually (prorated at the rate of .25 percent for each whole month).

C. Permitted Capital Improvements.

1. For the purpose of determining the Listing Price in accordance with this Article VI, the Unit Owner may add to the amount specified in Sections VI.A and VI.B above the cost of Permitted Capital Improvements that have been approved in writing by KEHRB; provided, however, that in no event shall said additional amount under this Subsection VI.C.1 exceed ten percent (10%) of the Unit Owner's initial purchase price for the Unit. Notwithstanding the foregoing, for every ten (10) year period from and after the date of a Unit Owner's original purchase, a maximum of an additional ten percent (10%) of the Unit Owner's initial purchase price for the Unit may be added to the value of the Unit for and to the extent of any further Permitted Capital Improvements under this Subsection VI.C.1 installed during said period. In calculating such amount, only those Permitted Capital Improvements that KEHRB has approved in writing shall qualify for inclusion.
2. In order for any improvement to a Unit to qualify as a Permitted Capital Improvement, the Unit Owner must furnish to KEHRB the following information:

- a. original or duplicate receipts to verify the actual costs expended by the Unit Owner for the Permitted Capital Improvement;
 - b. the Unit Owner's affidavit verifying that the receipts are valid and correct receipts tendered at the time of purchase; and
 - c. true and correct copies of any building permit or certificate of occupancy required to be issued by the local building department with respect to the Permitted Capital Improvement.
3. For the purpose of determining the Listing Price in accordance with this Article VI, the Owner may also add to the amount specified in Sections VI.A and VI.B and Subsection VI.C.1, the cost of any permanent improvements constructed or installed by the Unit Owner as a result of any requirement imposed by any governmental agency, or by Hidden River Lodge Homeowner's Association, Inc. (hereinafter the "Association"), provided that written certification is provided to the KEHRB of both the applicable requirement and the information required by Subsections VI.C.3, a-c.
 4. In calculating the costs under Subsections VI.C.1 and VI.C.4, only the Unit Owner's actual out-of-pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to the Unit Owner's personal labor or "sweat equity" or to any appreciation in the value of the improvements.

Article VII Rental

- A. **Rent Restriction.** No Unit Owner may, except with prior written approval of KEHRB and subject to KEHRB's conditions of approval, rent his or her Unit or any portion thereof for any period of time. Prior to occupancy, any tenant must be approved by KEHRB as a Qualified Buyer. KEHRB may withhold its approval of any proposed lease of a Unit providing for a rental rate that is materially in excess of the then current market rental rate for employee housing units within the Keystone PUD of comparable size, location and quality. KEHRB shall not approve a lease with a rental term less than six months without reasonable evidence that a lease with a shorter term is necessary as determined by the KEHRB. In no event may a Unit Owner rent his or her Unit for short term rentals of fewer than sixty-days. A signed copy of the lease must be provided to KEHRB prior to occupancy by any tenant.
- B. **Sharing Occupancy.** The requirements of this Article VII shall not preclude the Unit Owner from sharing occupancy of the Unit with non-owners, on either a rental or a non-rental basis, on the condition that the Unit Owner continues to

meet the obligations contained in this Covenant, including the Declaration, and so long as the household, including such non-owners, continues to meet the definition of Qualified Resident.

- C. **No Indemnity.** Nothing herein shall be construed to require KEHRB to protect or indemnify any Unit Owner against any losses attributable to the rental of a Unit, including, without limitation, non-payment of rent or damage to the Unit; nor to require KEHRB to obtain a qualified tenant for any Unit Owner in the event that none is found by the Unit Owner.

Article VIII Inspection and Hearing for Breach

- A. **Inspection Upon Reasonable Cause.** In the event that KEHRB or Summit County has reasonable cause to believe that a Unit Owner is violating any provision of this Covenant, KEHRB or Summit County, through its authorized representative, may inspect the Unit between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Unit Owner with no less than 24 hours written notice.
- B. **Notice of Violation and Hearing.** In the event a violation of this Covenant is discovered, KEHRB shall send a notice of violation to the Unit Owner detailing the nature of the violation and allowing the Unit Owner fifteen (15) days to cure. Said notice shall state that the Unit Owner may request a hearing before KEHRB 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 Unit Owner shall be considered in violation of this Covenant. If a hearing is held before KEHRB, the decision of KEHRB based on the record of such hearing shall be final for the purpose of determining if a violation has occurred.

Article IX Remedies

- A. **All Remedies Available.** Summit County, KEHRB, KRED and Keystone shall have any and all remedies provided by law for violation or other breach, or prospective breach, of this Covenant or any of its terms, including but not limited to damages (including damages resulting from the sale of a Unit in violation of this Covenant, which damages are deemed to include, without limitation, the proceeds of the sale that exceed the maximum Listing Price for involuntary sales described in Section VI.B above for the Unit at the time of sale under this Covenant), specific performance, injunction (including an injunction requiring sale of the Unit by the Unit Owner as set forth in Article V of this Covenant or as may be otherwise provided hereunder, and including an injunction to prohibit a sale of a Unit in violation of this Covenant), or eviction of non-complying

Unit Owners and/or occupants. Any requirement imposed by Colorado law for the posting of a bond or other security in connection with the granting of an injunction is hereby waived by the Unit Owner. The costs of any such sale or other activity taken in response to such violation or breach, including attorney fees, shall be paid by the non-complying Unit Owner upon demand, or if not so paid shall be taxed against the proceeds of the sale of the Unit, with the balance of such proceeds being paid to the Unit Owner. In the event the parties resort to litigation with respect to any or all provisions of this Covenant, the prevailing party shall be entitled to recover damages and costs, including reasonable attorney fees; provided, however, that no fees or costs shall be assessed against any party which does not actively and materially participate in the prosecution or defense of such action.

- B. Eliminating Resale Gain. In the event of a willful breach of any of the terms or conditions contained herein by a Unit Owner, his or her heirs, successors or assigns (as determined by KEHRB), the Unit Owner's initial purchase price of the Unit shall, upon the date of such breach as determined by KEHRB, automatically cease to increase as set out in Article VI of this Covenant, and shall remain fixed until the date of the cure of said breach.
- C. KEHRB As Attorney In Fact. Should any Unit Owner fail or neglect to execute and/or deliver any Listing Agreement, deed, or other instrument or document required to be executed or delivered by this Covenant, such Unit Owner shall be deemed to have appointed the KEHRB, or its designee, as his or her attorney in fact to execute and deliver such instrument or document. Such appointment shall be deemed to be coupled with an interest and shall be irrevocable.

Article X Foreclosure

- A. Option to Buy.
1. KEHRB, Summit County, KRED and Keystone shall release and waive their ability to enforce any and all affordable housing restrictions contained herein in the event of foreclosure or the acceptance of a deed in lieu of foreclosure of a First Mortgage; provided, however, that the First Mortgagee shall give notice to KEHRB, Summit County, KRED and Keystone that a default has occurred under the First Mortgage ("Notice of Default") and shall give to the KEHRB, Summit County, KRED and Keystone an option (the "Option") to purchase the First Mortgage during the Option Period for the Option Price as hereafter defined. As used in this Section, "Option Period" shall be the period of time commencing upon the giving of the First Mortgagee's Notice of Default and terminating the day prior to (i) the issuance of a Public Trustee's deed to the First Mortgagee, or its assignee or transferee as the case may be, following a foreclosure of a First Mortgage or (ii) the date of acceptance of a deed in

lieu of foreclosure by the First Mortgagee, its assignee or transferee, whichever period is shorter; provided, however, that in no event shall the Option Period be less than thirty (30) calendar days. "Option Price" shall mean the amount owed to the First Mortgagee under its Mortgage as of the date of payment, not to exceed the redemption price on the last day of all statutory redemption period(s). "Optionor" shall mean the entity which exercises its rights under this Option.

2. The Option shall be exercised by giving written notice to the First Mortgagee at its address as stated in the Notice of Default or other recorded document. If more than one entity exercises its Option, the first entity to exercise the Option shall be entitled to purchase the First Mortgage and shall have the rights of the Optionor under this Covenant. The Option Price shall be paid to the First Mortgagee by the Optionor in cash or other readily available funds at any time prior to the lapse of the Option Period. Upon payment of the Option Price, the First Mortgagee shall endorse the indebtedness evidenced by the First Mortgage and all associated security agreements to the Optionor, without recourse or warranty (or, in the event that a deed to the subject Unit has already been received by the First Mortgagee, the First Mortgagee shall convey the Unit to the Optionor by special warranty deed).

B. Sale or Rental by Optionor. In the event that the KEHRB, Summit County, KRED or Keystone exercises the Option pursuant to the terms of this Covenant, this Covenant and the restrictions contained herein shall remain in full force and effect and the Optionor and/or its designee may take all steps necessary to obtain title to the Unit, may sell the Unit to Qualified Buyers, or may rent the Unit according to Article VII until such time that the Unit can be sold to a Qualified Buyer in accordance with this Covenant.

C. Option Not Exercised. In the event the Option is not exercised, or in the event that the Optionor fails to pay the purchase price in accordance with the terms of this Covenant, the First Mortgagee may proceed to enforce its rights under the First Mortgage; provided, however, that: (i) after payment of all obligations to the First Mortgagee and foreclosure costs, the public trustee shall remit to KEHRB that portion of the net proceeds of the foreclosure sale which exceeds the maximum Listing Price for the Unit for involuntary sales described in Section VI.B above; and (b) in the event that the First Mortgagee obtains title to the subject Unit by foreclosure or deed in lieu of foreclosure, upon the subsequent sale of the Unit by the First Mortgagee, the First Mortgagee shall remit to the KEHRB any sales proceeds which exceed the amount necessary to fully satisfy the indebtedness secured by the First Mortgage and other costs and expenses occasioned by the default and foreclosure upon the Unit (including amounts which accrue subsequent to the acquisition of title to the Unit by the First Mortgagee). THIS SECTION X.C SHALL SURVIVE THE TERMINATION OF THE TERMS AND RESTRICTIONS EMBODIED BY THIS COVENANT.

**Article XI
Non-Liability**

KEHRB, Summit County, KRED and Keystone and their respective employees, members, officers and agents shall not be liable to any Unit Owner or third party by virtue of the exercise of their rights or the performance of their obligations under this Covenant. The parties understand and agree that they are relying on, and do not waive or intend to waive by any provision of this Covenant, the monetary limitations or any other rights, immunities or protections afforded by the Governmental Immunity Act, CRS §§ 24-10-101, et seq., as they may be amended, or any other limitation, right, immunity or protection otherwise available to the parties.

**Article XII
General Provisions**

- A. **Notices.** All notices and demands required or permitted under this Covenant shall be in writing, as follows: (1) by actual delivery of the notice to the party entitled to receive it; (2) by mailing such notice by certified mail, return receipt requested, postage prepaid, in which case the notice shall be deemed to be given three days after the date of its mailing; (3) by Federal Express or any other overnight carrier, with all charges prepaid, in which case the notice shall be deemed to be given as of the date it is sent; or (4) by facsimile to the facsimile number of the appropriate party indicated below, in which case it will be deemed received at the time indicated on the facsimile report confirming error-free transmission. Until changed by notice given in accordance with this Section, the addresses used for giving notice shall be as follows:

Keystone Employee Housing Review Board:

Address: Keystone Employee Housing Review Board
c/o Keystone Real Estate Developments
P.O. Box 8876
Keystone, CO 80435

Fax: (970) 496-4534
Telephone: (970) 496-4530

Summit County:

Address: 208 E. Lincoln
P.O. Box 68
Breckenridge, Co 80424
ATTN: County Manager

Fax: (970) 453-3535
Telephone: (970) 453-2561

Copy to: Jeff Huntley, Esq.
Summit County
208 E. Lincoln
P.O. Box 68
Breckenridge, Co 80424
Fax: (970) 453-3535
Telephone: (970) 453-2561

Vail Summit Resorts, Inc.:

Address: P.O. Box 38
Keystone, Co 80435
ATTN: Legal Office
Fax: (970) 496-4105
Telephone: (970) 496-4276

Keystone/Intrawest L.L.C.:

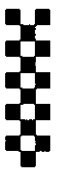
Address: P.O. Box 8876
Keystone, Co 80435
ATTN: Vice President of Intrawest Resort Inc.
Fax: (970) 496-3534
Telephone: (970) 496-4530

Copy to: Kevin H. Kelley, Esq.
Jacobs Chase Frick Kleinkopf & Kelley, LLC
1050 17th Street, Suite 1500
Denver, CO 80265
Fax: (303) 685-4869
Telephone: (303) 685-4800

Unit Owner: To the address of the Unit Owner as set forth in the recorded deed by which the Unit Owner took title to the Unit.

- B. Exhibits. All exhibits attached hereto are incorporated herein and by this reference made part hereof.
- C. Severability. Whenever possible, each provision of this Covenant and other related documents 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 this Covenant.
- D. Choice of Law. This Covenant and each and every related document shall be governed and constructed in accordance with the laws of the State of Colorado.

- E. **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. In the event that the real property included within the Keystone PUD hereafter becomes a part of an incorporated municipal entity, the term "Summit County" shall be construed to mean such municipality, and such municipality shall be deemed to be the successor to Summit County for the purposes of the benefit and enforcement of this Covenant.
- F. **Section Headings.** Article and Section headings within this Covenant 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.
- G. **Waiver.** No claim of waiver, consent or acquiescence with respect to any provision of this Covenant shall be valid against any party hereto except on the basis of a written instrument executed by the parties to this Covenant. However, the party for whose benefit a condition is inserted herein shall have the unilateral right to waive such condition.
- H. **Gender and Number.** Whenever the context so requires herein, the neuter gender shall include any or all genders and vice versa and use of the singular shall include the plural and vice versa.
- I. **Personal Liability.** Each Unit Owner shall be personally liable for any of the transactions contemplated herein, jointly and severally with his or her co-owners.
- J. **Further Actions.** The covenantor and the beneficiaries of this Covenant 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 Covenant or any agreement or document relating hereto or entered into in connection herewith.
- K. **Modifications.** The parties to this Covenant agree that any modifications of this Covenant shall be effective only when made by writings signed by Summit County, KEHRB, KRED, Keystone and, for so long as Hidden River owns any Unit, Hidden River, and recorded with the Clerk and Recorder of Summit County, Colorado.



Employee Housing Unit Numbers for Hidden River Lodge

Old #	New #
100	5948
102	5946
103	5944
117	5950
120	5952
121	5954
122	5956
123	5958
202	5964
203	5962
220	5968
221	5970
222	5972
223	5974
321	5986
322	5988