

**RESIDENTIAL HOUSING RESTRICTIVE COVENANT AND NOTICE OF LIEN
FOR THE SOLARADO TOWNHOMES,
SUMMIT COUNTY, COLORADO**

This Residential Housing Restrictive Covenant and Notice of Lien for The Solarado Townhomes, Summit County, Colorado, (this "Restriction") is made this 17th day of November, 2009, by Ptarmigan Housing, LLC, a South Dakota limited liability company, hereinafter referred to as "Declarant."

RECITALS:

WHEREAS, Declarant is the owner of that certain real estate located in the County of Summit (the "County"), State of Colorado, and legally described in **Exhibit A** attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, pursuant to Section 13 of that certain South Maryland Creek Ranch Amended and Restated Annexation and Development Agreement dated November 28, 2007 and recorded in the real estate records of the County of Summit, State of Colorado on December 14, 2007 at Reception No. 876090 with the Town of Silverthorne (the "Town") (the "Annexation and Development Agreement"), Maryland Creek Ranch, LLC, was obligated to develop certain affordable housing on the Property.

WHEREAS, it is a condition of the Annexation and Development Agreement that the Declarant create a valid and enforceable covenant running with the land which assures that certain of the units to be developed on the Property will be used solely by individuals who are both Residents and Eligible Households (as such terms are hereinafter defined), subject to limited exceptions provided for herein.

WHEREAS, under this Restriction Declarant intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use of the Units described and provided for herein shall be and are hereby made covenants running with the land and are intended to be and shall be binding upon the Declarant and all subsequent owners of such Units for the stated term of this Restriction, unless and until this Restriction is released and terminated in the manner hereafter described.

NOW, THEREFORE, in consideration of the foregoing Recitals, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Declarant hereby declares that the Property shall hereafter be held, sold, and conveyed subject to the following covenants, restrictions, and conditions, all of which shall be covenants running with the land, and which are for the purposes of ensuring that the Property remains available for purchase and occupation by persons residing and working in the County as moderately priced housing, and protecting the value and desirability of the Property, and which covenants, restrictions, and conditions shall be binding on all parties having any right, title, or interest in the Property, or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner (as defined in Article I) of a Unit (as defined in Article I) within the Property, the SCHA (as defined in Article I), the Town and Declarant.

ARTICLE 1
DEFINITIONS

1.1 **Definitions.** The following words, when used in this Restriction, shall have the following meanings and the use of capitalization or lower case letters in references to the following terms shall have no bearing on the meanings of the terms:

A. "Area Median Income" or "AMI" means the median annual income for the County (or such next larger statistical area calculated by HUD that includes the County, if HUD does not calculate the area median income for the County on a distinct basis from other areas), as adjusted for household size, that is calculated and published annually by HUD (or any successor index thereto acceptable to the Town, or SCHA in its reasonable discretion). If AMI data pertaining to the date of sale of a Unit is yet not available as of the date the sale price is calculated, then the most recent data published by HUD shall be used in its place.

B. "Authorized Lessee" means any tenant approved by the SCHA, or the Town, who shall meet the definitions of both Resident and Eligible Household, and who shall lease a Unit at such rental rates as shall be established by the SCHA and approved by the Town, but in any event at a monthly rental rate that shall not exceed one hundred twenty percent (120%) of the most recent fair market rent amounts published by HUD for the geographic area that includes the Town (or any successor index thereto acceptable to SCHA, or the Town, in its reasonable discretion).

C. "Dependent" shall mean a person, including a spouse of a child of, a step-child of, a child in the permanent legal custody of or a parent of, a Resident, in each case whose principal place of residence is in the same household as such Resident, and who is financially dependent upon the support of the Resident. Dependent shall also include any person included within the definition of "Familial Status" as defined in 42 U.S.C. § 3602(k), as that act shall from time to time be amended.

D. "Eligible Household" means a Household earning not more than one hundred fifteen percent (115%) of the Area Median Income and that has been approved by either the SCHA, or the Town, so as to allow for the execution by the SCHA or the Town, as applicable, of the form of approval set forth in Section 5.3 of this Restriction. A Household's income for purposes of determining whether such household meets this definition of eligibility shall be determined at the time of purchase or, as the case may be, commencement of leasehold occupancy. For purposes of the determination of the number of people that constitute a Household under this definition, any Resident or Dependent spouse of a Resident who is pregnant at the time of the determination of whether a Household meets the income limitation provided in this definition shall be deemed to be two (2) people.

E. "First Mortgage" means a deed of trust or mortgage which is recorded senior to any other deeds of trust or liens against a Unit to secure a loan used to purchase the Unit made by a Mortgagee.

F. "Household" means one (1) or more persons who intend to live together in the premises of a Unit as a single housekeeping unit.

G. "HUD" means the U.S. Department of Housing and Urban Development.

H. "Maximum Resale Price" means the maximum Purchase Price that may be paid by any purchaser of a Unit, other than the initial purchaser who acquires a Unit from Declarant, that is determined in accordance with the provisions of Section 8.3 of this Restriction. The Maximum Resale Price is not a guaranteed price, but merely the highest price an Owner may obtain for the sale of a Unit.

I. "Mortgagee" means any bank, savings and loan association, or any other institutional lender which is licensed to engage in the business of providing purchase money mortgage financing for residential real property.

J. "Non-Qualified Transferee" means an Owner that is not a Qualified Owner.

K. "Owner" means the record owner at any time taking and holding fee simple title to a Unit.

L. "Purchase Money Mortgage" means a Mortgage given by an Owner to the extent that it is: (i) taken or retained by the seller of a Unit to secure all or part of the payment of the Purchase Price; or (ii) taken by a person who by making advances, by making a loan, or by incurring an obligation gives value to enable the Owner to acquire a Unit if such value is in fact so used.

M. "Purchase Price" shall mean all consideration paid by the purchaser to the seller for a Unit, but shall EXCLUDE any proration amounts, taxes, costs and expenses of obtaining financing, cost of furnishings or personal property, lenders' fees, title insurance fees, closing costs, inspection fees, real estate purchase and/or sales commission(s) or other fees and costs related to the purchase of a Unit but not paid directly to Seller.

N. "Qualified Owner" means natural person(s) that meet(s) the definitions of both a Resident and an Eligible Household, or non-qualified Owner under Section 5.1.B. of this Restriction, qualified and approved by the SCHA, or the Town, in such a manner as will allow the SCHA or the Town to execute the approval set forth in Section 5.3 of this Restriction.

O. "Resident" means a person and his or her Dependents, if any, who (i) at the time of purchase of a Unit and throughout the duration of Unit ownership, earns his or her living from a business operating in and serving the County, by working at such business an average of at least thirty (30) hours per week on an annual basis, or (ii) is a person who is approved in writing by the SCHA, or the Town, which approval shall be based upon criteria including, but not limited to, total income, percent of income earned within the County, place of voter registration, place of automobile registration, and driver's license address and other qualifications established by the SCHA, or the Town, from time to time. (Compliance with each of these criteria is not necessary; in certifying Residents, the SCHA or the Town shall consider the criteria cumulatively as they relate to the intent and purpose of this Restriction). A person over sixty-five (65) years of age shall remain a Resident regardless of his or her working status, so long as he or she has owned and occupied a Unit, or leased a Unit as an Authorized Lessee, for a time period of not less than seven (7) years. The term "business" as used in this Article I, Subsection O, and Section 5.1.B. below shall mean an enterprise or organization providing goods and/or

services, whether or not for profit, and shall include, but not be limited to, educational, religious, governmental and other similar institutions.

P. "SCHA" means the Summit Combined Housing Authority.

Q. "Transfer" or "Transferred" means any sale, assignment or transfer that is voluntary, involuntary or by operation of law (whether by deed, contract of sale, gift, devise, trustee's sale, deed in lieu of foreclosure, or otherwise) of any interest in a Unit, including, but not limited to a fee simple interest, a joint tenancy interest, a tenancy in common, a life estate, or any interest evidenced by a land contract by which possession of a Unit is transferred and the Owner obtains title.

R. "Unit" means a physical portion of the Property to be constructed for purposes of residential use only and to be created and defined pursuant to the Declaration of Covenants, Conditions and Restrictions for The Solarado Townhomes (recorded against the Property in the real estate records of the County) as a separate transferable real property interest.

ARTICLE 2

PURPOSE

The purpose of this Restriction is to restrict ownership, occupancy and sale of the Units in such a fashion as to provide, on a permanent basis, moderately priced housing to be occupied by Qualified Owners or Authorized Lessees, which Qualified Owners or Authorized Lessees, because of their income, may not otherwise be in a position to afford to purchase, own, occupy or lease other similar properties, and to help establish and preserve a supply of moderately priced housing to help meet the needs of the locally employed residents of the County.

ARTICLE 3

RESTRICTION AND AGREEMENT BINDS THE PROPERTY

This Restriction shall constitute covenants running with title to the Property as a burden thereon, for benefit of, and enforceable by, the SCHA and its successors and assigns, including, without limitation the Town, and this Restriction shall bind Declarant and all subsequent Owners and occupants of a Unit. Each Owner and Authorized Lessee, upon acceptance of a deed or lease to a Unit, shall be personally obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during the Owner period of ownership or Authorized Lessee's tenancy, as may be appropriate. Each and every Transfer or lease of a Unit, for all purposes, shall be deemed to include and incorporate by this reference the covenants contained in this Restriction, even without reference to this Restriction any document of conveyance.

ARTICLE 4

NATURAL PERSONS

Other than by the Declarant and the SCHA, the use and occupancy of a Unit shall be limited exclusively to housing for natural persons who meet the definition of Qualified Owner or Authorized Lessee.

ARTICLE 5
OWNERSHIP RESTRICTIONS

5.1 Ownership and Occupancy Obligation.

A. Ownership of a Unit is hereby limited exclusively to Declarant and Qualified Owners, which shall include also the parties described and approved as set forth in Section 5.1.B. In the event that a Unit is occupied without compliance with this Restriction, the SCHA or the Town/County shall have the remedies set forth herein, including, but not limited to, the rights under Section 8.5.

B. Upon the written consent of the SCHA, which consent may be recorded, a non-qualifying natural person or entity that owns and/or operates a business located in and serving the County may purchase a Unit; ~~provided, however, that by taking title to a Unit, such Owner shall be deemed to agree to the rental restrictions set forth herein, and further that any Owner who does not meet the definitions of both a Resident and an Eligible Household shall rent the Unit to a natural person(s) that does meet the definitions of both a Resident and Eligible Household, and shall not occupy or use such Unit for such Owner's own use or leave such Unit vacant except as otherwise provided herein.~~

5.2 Sale, Resale and Lease. In the event that a Unit is Transferred or leased without compliance with this Restriction, the SCHA or the Town shall have the remedies set forth herein, including, but not limited to, the rights set forth in Section 8.5. Except as otherwise provided herein, each and every Transfer or lease of a Unit, for any and all purposes, shall be deemed to include and incorporate the terms and conditions of this Restriction.

5.3 Compliance. Along with the recorded instrument of conveyance evidencing a Transfer of a Unit, any such Transfer of a Unit shall include a completed copy of the "Memorandum of Acceptance of Residential Housing Restrictive Covenant and Notice of Lien for The Solarado Townhomes, Summit County, Colorado" attached hereto as **Exhibit B**, which copy is executed by the transferee and acknowledged by a notary public. The instrument of conveyance evidencing such Transfer, or some other instrument referencing the same shall bear the following language followed by the acknowledged signature of either the director or some other authorized representative of the SCHA, or by the Mayor of the Town, to wit:

"The conveyance evidenced by or referenced in this instrument has been approved by the Summit Combined Housing Authority or the Town of Silverthorne as being in compliance with the Residential Housing Restrictive Covenant and Notice of Lien for The Solarado Townhomes, Summit County, Colorado, recorded in the records of Summit County, Colorado, on the ____ day of _____, 200 __, at Reception No. _____.

Each sales contract, or lease as the case may be, for a Unit shall also (a) recite that the proposed purchaser or lessee, as applicable, has read, understands and agrees to be bound by the terms of this Restriction, and (b) require the proposed purchaser and/or lessee to submit such

information as may be required by the SCHA, or the Town, under its rules and regulations or policies adopted for the purpose of ensuring compliance with this Restriction.

5.4 Refinance Restriction. An Owner shall not encumber a Unit in an amount in excess of the Purchase Price.

5.5 Records and Inspection. An Owner's records with respect to the Owner's use and occupancy of a Unit shall be subject to examination, inspection and copying by SCHA, the Town, or their authorized agents upon reasonable advance notice. The SCHA and Town, or its authorized agent, shall also have the right to enter into or upon a Unit for the purpose of determining compliance with the provisions of this Restriction; *provided, however,* that the SCHA and the Town, or its agent, shall first attempt to secure the permission of any occupants of the Unit prior to making entry. An Owner shall submit any information, documents or certificates requested from time to time by the SCHA or the Town with respect to the occupancy and use of the Owner's Unit which the SCHA or the Town reasonably deems necessary to substantiate the Owner's continuing compliance with the provisions of this Restriction. Such information shall be submitted to the SCHA or the Town within such reasonable time period as the SCHA and the Town may establish. All lessees of a Unit shall be bound by the terms of this Section 5.5 and shall cooperate with all requirements herein.

ARTICLE 6

ORIGINAL SALE OF A UNIT

Upon completion of construction of each Unit by the Declarant, the Unit shall be sold by Declarant to a Qualified Owner at a Purchase Price not to exceed Two Hundred Fifty Thousand and Thirty-One and No/100 Dollars (\$250,031.00) if such Unit is placed under contract for sale in 2009 (the "2009 Purchase Price"); this initial Declarant Purchase Price for the Units shall be adjusted each year in accordance with the formula being used by SCHA for determining the 2009 Purchase Price.

ARTICLE 7

USE RESTRICTIONS

7.1 Occupancy. Except as otherwise provided in this Restriction, each Unit shall, at all times, be occupied as a principal place of residence by a Qualified Owner (along with Dependents), or as the case may be an Authorized Lessee (along with Dependents) who, at the time of purchase, or in the case of an Authorized Lessee at the time of occupancy, of a Unit, is qualified as a Resident and an Eligible Household. Notwithstanding anything contained herein to the contrary, in no event shall any Household consist of a group of three (3) or more persons unrelated by blood, adoption or marriage.

7.2 Rental. Under no circumstances shall any Unit be leased or rented for any period of time without the prior written approval of the SCHA or the Town. In the event that any Unit, or any portion thereof, is leased or rented without compliance with this Restriction, the SCHA, or the Town, as applicable, shall have the remedies set forth herein, including, but not limited to, the rights set forth in Section 8.5 below. Any tenancy approved by the SCHA or the Town shall be to an Authorized Lessee.

7.3 Vacancy. In the event that a Qualified Owner (not including a non-qualified Owner) ceases to occupy a Unit as his or her principal place of residence for a period of ninety (90) consecutive days (as reasonably determined by the SCHA or the Town), or any non-qualified Owner permitted to purchase a Unit as set forth in Section 5.1.B above leaves a Unit unoccupied by an Authorized Lessee for a period of ninety (90) consecutive days (as reasonably determined by the SCHA or Town), the SCHA or the Town may, in its sole discretion and in addition to any other remedies the SCHA or the Town may have hereunder, determine that the Unit shall be offered for sale pursuant to the provisions of Section 8.5 below or require the Qualified Owner or non-qualified Owner to rent the Unit to an Authorized Lessee.

7.4 Ownership Interest in Other Residential Property. Except with respect to a non-qualified Owner permitted to purchase a Unit as set forth in Section 5.1.B above, if at any time the Owner also owns any interest alone or in conjunction with others in any other developed residential property, the Owner shall immediately list such other property interest for sale and sell his or her interest in such property. In the event said other property has not been sold by the Owner within one hundred twenty (120) days of its listing required hereunder, then the Owner shall immediately list his or her Unit for sale with the SCHA pursuant to the provisions 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 Owner's business shall not constitute "other developed residential property" as that term is used in this Section 7.4.

ARTICLE 8

RESALE OF A UNIT

8.1 Resale. No Unit shall be Transferred subsequent to the original purchase from the Declarant except upon full compliance with the procedures set forth in this Article 8.

8.2 Notice. In the event that an Owner shall desire to Transfer a Unit, or in the event that an Owner shall be required to Transfer such Unit pursuant to the terms of this Restriction, the Owner shall notify the SCHA, or such other person or entity as may be designated by the Town, in writing of Owner's intention to Transfer such Unit. The Unit may be offered, advertised, or listed for sale by such Owner at such Owner's sole cost and expense, in any manner in which such Owner may choose. An Owner may list a Unit for sale through the SCHA for a commission equal to two percent (2.0%) of the sales price. The Unit shall not, however, be Transferred to (a) any person, entity, or entities other than a Qualified Owner (or non-qualified Owner pursuant to section 5.1.B above), and (b) for consideration to be paid by such Qualified Owner (or non-qualified Owner pursuant to section 5.1.B above) that exceeds the Maximum Resale Price as determined pursuant to the provisions of this Article 8.

8.3 Maximum Resale Price.

A. The Maximum Resale Price of a Unit as calculated by the SCHA may not exceed the lesser of:

i. The Purchase Price paid by the Owner for the Unit, *plus* (1) an increase of three percent (3%) of such Purchase Price per year (prorated at the rate of 1/12 for each whole month) from the date of the Owner's purchase of the Unit to the date of the Owner's execution of the listing contract, such percentage increase to not be compounded annually, *plus* (2) capital improvements made by the Owner (if such improvements are approved by the SCHA or the Town), *plus* (3) sales commissions paid by the Owner, *plus* (4) any accrued negative amortization if the Unit was financed with a graduated payment mortgage;

and

ii. The Purchase Price paid by the Owner for the Unit, *plus* (1) a percentage increase equal to the percentage increase in the Area Median Income from the date of the Owner's purchase of the Unit to the date of the Owner's execution of the sales contract (prorated at the rate of 1/12 for each whole month), such percentage increase to not be compounded annually, *plus* (2) capital improvements made by the Owner (if such improvements are approved by the SCHA or the Town), *plus* (3) sales commissions paid by the Owner, *plus* (4) any accrued negative amortization if the Unit was financed with a graduated payment mortgage.

B. Each Owner shall be responsible for ensuring that at the Transfer of his or her Unit, the same is clean, the appliances are in working order, and that there are no health or safety violations regarding such Unit. While the Unit is listed for sale, the SCHA is authorized to take necessary actions and incur necessary expenses for bringing the relevant Unit into saleable condition. Such actions and expenses include, but are not limited to, cleaning the Unit and making necessary repairs to or replacements of appliances and/or Unit fixtures, such as windows, doors, cabinets, countertops, carpets, flooring and lighting fixtures, and/or correcting any health or safety violations on such Unit. Expenses incurred by the SCHA to bring a Unit into a saleable condition shall be itemized and documented by the SCHA and deducted from the Owner's proceeds at closing of the Transfer of such Unit.

C. No Owner shall permit any prospective buyer to assume any or all of the Owner customary closing costs.

D. Nothing in this Restriction represents or guarantees that a Unit will be re-sold at an amount equal to the Maximum Resale Price and nothing in this Restriction shall be construed to constitute a representation, warranty or guarantee by Declarant or the SCHA that upon Transfer of a Unit the Owner shall obtain the Maximum Resale Price. Depending upon conditions affecting the real estate market, the Unit may be re-sold for less than the Maximum Resale Price.

8.4 Non-Qualified Transferees. In the event that title to a Unit vests in a Non-Qualified Transferee by descent, by foreclosure and/or redemption by any lien or mortgage holder (except any holder of a First Mortgage or HUD), or by operation of law or any other event, then, a mandatory offer to sell shall be delivered by the Non-Qualified Transferee to the SCHA within fifteen (15) days of acquisition of the Unit and the Unit shall be sold in accordance with Section 8.5 below. The Non-Qualified Transferee(s) shall not: (a) occupy the Unit; (b) rent all or any part of the Unit, except in strict compliance with this Restriction; (c) engage in any business activity on or in the Unit; (d) sell or otherwise Transfer the Unit except in accordance with this Restriction; or (5) sell or otherwise Transfer the Unit for use in trade or business.

8.5 Sales to Preserve Units as Affordable Housing.

A. In the event a Unit is occupied, Transferred or leased in violation of this Restriction, the SCHA may, at its sole discretion, notify an Owner that it must immediately list the Unit for sale (including the execution of a listing contract with, and the payment of the specified fees, to the SCHA). The highest bid by a Qualified Owner, for not less than ninety-five percent (95%) of the Maximum Resale Price or the appraised market value, whichever is less, shall be accepted by the Owner. If all bids are below ninety-five percent (95%) of the Maximum Resale Price and the appraised market value, the Unit shall continue to be listed for sale until a bid in accordance with this Section 8.5.A is made, which bid must be accepted. The cost of any appraisal shall be paid by the Owner.

B. If required by the SCHA, the Owner shall consent to any sale, conveyance or transfer of such Unit to a Qualified Owner, shall execute any and all documents necessary to do so and shall otherwise reasonably cooperate with the SCHA to take actions needed to accomplish such sale, conveyance or transfer of such Unit.

C. The SCHA, or its respective successor, as applicable, shall also have the right and option to purchase a Unit, exercisable within a period of fifteen (15) calendar days after notice is sent by the SCHA to the Owner that requires the Owner to sell the Unit pursuant to this Section 8.5. In the event the SCHA exercises this right and option, the SCHA shall purchase such Unit from the Owner for a price equal to the fair market value not to exceed the Maximum Resale Price.

D. In all situations in which the provisions of this Section 8.5 apply, the SCHA may alternatively require the Owner to rent a Unit to an Authorized Lessee in accordance with the requirements of this Restriction.

ARTICLE 9
FORECLOSURE

9.1 Release. Notwithstanding anything herein to the contrary, this Restriction shall be deemed released as to a Unit in the event of: (a) the foreclosure by the holder of a First Mortgage or the SCHA's Lien (as defined below); or (b) the acceptance of a deed in lieu of foreclosure by the holder of a First Mortgage or the SCHA pursuant to Section 9.2 below. This Restriction shall also automatically terminate and be released as to a Unit upon foreclosure, deed in lieu of foreclosure, or assignment to HUD of an HUD-insured mortgage encumbering a Unit.

Notwithstanding the foregoing, any and all claims of the SCHA available hereunder against the Owner personally shall survive any release or termination of this Restriction.

9.2 Lien.

A. The SCHA shall have, and is hereby granted, a lien against each Unit (“SCHA’s Lien”) to secure payment of any amounts due and owing the SCHA pursuant to this Restriction including, but not limited to, all sales proceeds over and above the Maximum Resale Price. The SCHA’s Lien on the respective Unit shall be superior to all other liens and encumbrances except the following:

- (i) Liens and encumbrances recorded prior to the recording of this Restriction;
- (ii) Real property ad valorem taxes and special assessment liens duly imposed by Colorado governmental or political subdivision or special taxing districts;
- (iii) Liens given superior priority by operation of law; and
- (iv) The lien of any First Mortgage against such Unit.

B. Recording of this Restriction constitutes record notice and perfection of the SCHA’s Lien. No further recordation of any claim of lien is required. However, the SCHA may elect to prepare, and record in the office of the Clerk and Recorder of the County, a written notice of lien. By virtue of the SCHA’s Lien, the SCHA shall have all of the rights that a mortgage holder may have against a Unit, including, but not limited to, the right to judicially foreclose upon a Unit. The SCHA shall be entitled to file such notices and other information necessary to preserve its rights, as a lienor, to cure and redeem in foreclosure of a Unit, as provided by C.R.S. 38-38-101 et seq. In addition, unless otherwise instructed by the SCHA in writing, the Owner shall sign, acknowledge, and cooperate in SCHA’s recording in the office of the Clerk and Recorder of the County immediately subsequent to the recording of the First Mortgage, a notice of the SCHA’s Lien, substantially in the form attached hereto as **Exhibit B**, in order to assure that the SCHA receives notice in the event of the foreclosure of the First Mortgage pursuant to this Article 9. The notice shall not alter the priority date of the SCHA’s Lien as established herein.

C. The sale or other Transfer of a Unit shall not affect the SCHA’s Lien. No sale or deed in lieu of foreclosure shall relieve the Owner from continuing personal liability for payment of his or her obligations hereunder. The SCHA’s Lien does not prohibit actions or suits to recover sums due pursuant to this Restriction, or to enforce the terms of this Restriction, or to prohibit the SCHA from taking a deed in lieu of foreclosure.

9.3 SCHA’s Option to Redeem and to Buy.

A. Foreclosure/SCHA’s Option to Redeem. In the event of a foreclosure of a First Mortgage, the SCHA shall be entitled to receive notice of the foreclosure proceedings as is required by law to be given by the public trustee or the sheriff, as applicable, to lienors of a Unit that are junior to the First Mortgage (as provided in C.R.S. §38-38-101 et seq., or any succeeding statute). Upon receipt of such notice, the SCHA shall promptly deliver a copy of the notice to Town. The SCHA shall have a right of redemption, and such other rights as a lienor in

foreclosure, as its interest appears, in accordance with Colorado law governing foreclosure. The SCHA's lien is created pursuant to Section 9.2 above.

B. Upon Exercising Option. In the event that the SCHA obtains title to a Unit pursuant to this Article 9, the SCHA or its designee may sell such Unit to a Qualified Owner, or rent such Unit to an Authorized Lessee until such time that such Unit can be sold to a Qualified Owner. The SCHA's subsequent sale of such Unit in these circumstances shall not be subject to the Maximum Resale Price restrictions set forth in Article 8 above.

9.4 Perpetuities Savings Clause. If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Article 9 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 shorter of (i) the term of this Restriction, or (ii) the period of the lives of the current duly elected and seated board of directors of the SCHA, their now living descendants, if any, and the survivor of them, plus twenty-one (21) years.

ARTICLE 10 **ENFORCEMENT**

10.1. Enforcement of This Covenant. The Declarant and each Owner hereby grants and assigns to the SCHA and the Town the right to review and enforce compliance with this Restriction. Compliance may be enforced by the SCHA and the Town by any lawful means, including, without limitation, specific performance and damages to reimburse the SCHA or the Town for its enforcement costs and to require an Owner to repay with reasonable interest (not to exceed ten percent (10%) per annum) any assistance received in connection with the purchase of a Unit and prohibit an Owner from retaining sales or rental proceeds. Notwithstanding the foregoing, for so long as a Unit is encumbered by a HUD-insured mortgage in no event shall the following remedies be available:

- a. Acceleration of a mortgage;
- b. Voiding a conveyance by an Owner;
- c. Terminating an Owner's interest in a Unit; or
- d. Subjecting an Owner to contractual liability other than damages to reimburse the SCHA or the Town for its enforcement costs and to require an Owner to repay with reasonable interest (not to exceed ten percent (10%) per annum) any assistance received in connection with the purchase of a Unit and prohibit an Owner from retaining sales or rental proceeds.

Jurisdiction and venue for a suit enforcing compliance shall be proper and exclusive in the County and service may be made or notice given by posting such service or notice in a conspicuous place on the applicable Unit. As part of any enforcement action on the part of the SCHA or the Town, the applicable Owner shall pay all court costs and reasonable legal fees

incurred by the SCHA or the Town in connection with these claims, actions, liabilities or judgments, including an amount to pay for the time, if any, of the SCHA's or the Town's attorney spent on such claims at the rates generally charged for similar services by private practitioners within the County.

ARTICLE 11

GENERAL PROVISIONS

11.1 Equal Housing Opportunity. Pursuant to the Fair Housing Act, the Declarant, the SCHA, and the Town/County shall not discriminate on the basis of race, creed, color, sex, national origin, familial status or disability in the lease, sale, use or occupancy of a Unit.

11.2 Rules, Regulations, and Standards. The SCHA shall have the authority to promulgate and adopt such rules, regulations and standards as it may deem appropriate, from time to time, for the purpose of carrying out its obligations and responsibilities described herein, all of which rules, regulations and standards, and any amendments thereof, shall be subject to approval of the Town/County.

11.3 Waiver of Exemptions. Every Owner, by taking title to a Unit, shall be deemed to have subordinated to this Restriction any and all right of homestead and any other exemption in, or with respect to, such Unit under state or federal law presently existing or hereafter enacted.

11.4 Severability. Invalidation of any one of the covenants or restrictions contained herein by judgment or Court order shall in no way affect any other provisions, it being the intent of the Declarant, the SCHA and the Town that such invalidated provision be severable.

11.5 Term. The restrictions contained herein shall run with the land and bind the land for a term of ninety-nine (99) years from the date that this Restriction is recorded, after which time the terms of this Restriction shall be automatically extended for successive periods of ten (10) years.

11.6 Amendment. This Restriction may be amended only by an instrument recorded in the records of the County executed by the Town and the then-Owner of a Unit.

11.7 Successor to the SCHA. In the event that, at any time during the duration of this Restriction, the SCHA ceases to exist, all reference in this Restriction to the SCHA shall, thereafter, mean the Town, its successors, assigns, or any other entity designated by the Town to administer or enforce the provisions hereof, or to perform the functions of the SCHA as described herein.

11.8 No Third Party Beneficiaries. This Restriction is made and entered into for the sole protection and benefit of the SCHA, the Town and the Owner. Except as otherwise specifically provided for herein, no other person, persons, entity or entities, including, without limitation, prospective buyers of a Unit, shall have any right of action with respect to this Restriction or right to claim any right or benefit from the terms provided in this Restriction or be deemed a third party beneficiary of this Restriction.

11.9 Non-Liability. The SCHA and the Town and their respective employees, members, officers and agents shall not be liable to any Owner or third party by virtue of the exercise of

their rights or the performance of their obligations under this Restriction. The parties understand and agree that they are relying on, and do not waive or intend to waive by any provision of this Restriction, 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.

11.10 Exhibits. All exhibits attached hereto are incorporated herein and by this reference made part hereof.

11.11 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.

~~11.12 Personal Liability. Each Owner shall be personally liable for any of the transactions contemplated herein, jointly and severally with his or her co-owners.~~

11.13 Further Actions. The Owner and Owner's successors and assigns 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 agreement or document relating hereto or entered into in connection herewith.

11.14 Notices. Any notice, consent or approval which is required or permitted to be given hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with postage 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 Declarant:

Ptarmigan Housing, LLC
Attn: Joanna Hopkins
PO Box 1609
Silverthorne, CO 80498

To the Town:

Town of Silverthorne
Attn: Town Manager
PO Box 1309
Silverthorne, Colorado 80498

To the Summit Combined Housing Authority:

Summit Combined Housing Authority
Attn: Executive Director
PO Box 188

110 Ski Hill Road
Breckenridge, Colorado 80424

To the Owner:

To be determined pursuant to the Memorandum of Acceptance of Residential Housing Restrictive Covenant and Notice of Lien for The Solarado Townhomes, Summit County, Colorado (as shown on **Exhibit B**) recorded with respect to each transfer of a Unit.

11.15 Choice of Law. This Restriction and each and every related document shall be governed and constructed in accordance with the laws of the State of Colorado.

11.16 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.

11.17 Headings. Article and 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.

11.18 Signatures. Signatures to this Restriction may be in counterparts.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has set its hand unto this Restriction this 17 day of November, 2009.

PTARMIGAN HOUSING, LLC, a
South Dakota limited liability company

By: [Signature]
Name: JANNA HOPKINS
Title: VICE PRESIDENT

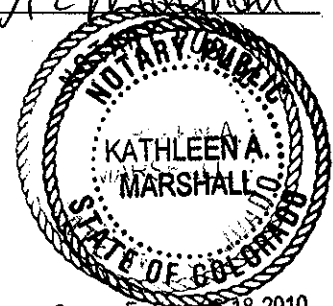
STATE OF Colorado)
) ss
COUNTY OF Summit)

The foregoing instrument was acknowledged before me as of the 17th day of November, 2009, by Joanna Hopkins as Vice-President of Ptarmigan Housing, LLC, a South Dakota limited liability company, on its behalf.

Witness my hand and official seal.

Kathleen A. Marshall
Notary Public

My Commission Expires: 5-18-2010



CONSENTS

The undersigned hereby consents to the terms of this Restriction.

SUMMIT COMBINED HOUSING AUTHORITY

By: [Signature]
Name: JENNIFER KERMUDE
Title: EXEC DIRECTOR

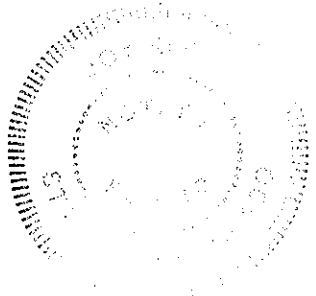
STATE OF CO)
COUNTY OF Summit) ss

The foregoing instrument was acknowledged before me as of the 18 day of November, 2009, by Jennifer Kermude as Executive Director of Summit Combined Housing Authority, on its behalf.

Witness my hand and official seal.

[Signature]
Notary Public

My Commission Expires: 2-29-2012



TOWN OF SILVERTHORNE, COLORADO

By: [Signature]
Name: MARK LEIDAL
Title: COMMUNITY DEVELOPMENT DIRECTOR

ATTEST:
[Signature]
Name: MICHAEL JOHNSON
Title: PLANNING MANAGER

EXHIBIT A
(Property)

UNIT NOS.1A, 1B, 2A, 2B, 3A, 3B, 4A, 4B, SOLARADO TOWNHOMES, County of Summit, State of Colorado, according to the Map thereof recorded on October 16, 2009, at Reception No. 924504, and the Declaration of Covenants, Conditions and Restriction for The Solarado Townhomes, recorded on October 16, 2009, at Reception No. 924505, both in the records of the Clerk and Recorder of the County of Summit, Colorado.

EXHIBIT B

**MEMORANDUM OF ACCEPTANCE
OF
RESIDENTIAL HOUSING RESTRICTIVE COVENANT
AND
NOTICE OF LIEN
FOR THE SOLARADO TOWNHOMES
SUMMIT COUNTY, COLORADO**

WHEREAS, _____ [Buyer Name] _____, the "Buyer" is purchasing from _____ [Seller Name] _____, the "Seller," at a price of \$ _____ [purchase price amount] _____, real property described as _____ [Legal Description] _____ according to the plat recorded under Reception No. _____, in the real property records of the County of Summit, Colorado (the "Unit"); and

WHEREAS, the Seller of the Unit is requiring, as a prerequisite to the sale transaction, that the Buyer acknowledge and agree to the terms, conditions and restrictions found in that certain instrument entitled "Residential Housing Restrictive Covenant and Notice of Lien for The Solarado Townhomes, Summit County, Colorado," recorded on _____, 200__, under Reception No. _____, in the real property records of the County of Summit, Colorado (the "Restrictive Covenant").

NOW, THEREFORE, as an inducement to the Seller to sell the Unit, the Buyer:

1. Acknowledges that Buyer has carefully read the entire Restrictive Covenant, has had the opportunity to consult with legal and financial counsel concerning the Restrictive Covenant and fully understands the terms, conditions, provisions, and restrictions contained in the Restrictive Covenant.

2. States that the Notice to Buyer should be sent to:

3. Directs that this memorandum be placed of record in the real estate records of the County of Summit, Colorado, and a copy provided to the Summit Combined Housing Authority.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the ____ day of _____, 20__.

BUYER(S):

By: _____
Printed Name: _____

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by _____.

Witness my hand and official seal.

Notary Public

My commission expires: _____