



RESIDENTIAL HOUSING RESTRICTIVE COVENANT AND NOTICE OF LIEN
FOR UNIT E, BUILDING 2,
OF ROYAL GLEN CONDOMINIUMS, 49 MOUNT ROYAL DRIVE,
TOWN OF FRISCO, COLORADO

This Residential Housing Restrictive Covenant and Notice of Lien for Unit E, Building 2, of Royal Glen Condos, 49 Mount Royal Drive, Town of Frisco, Colorado, (this "Restriction,") is made this 13th day of July, 2005, by The Town of Frisco, a Colorado home rule municipality hereinafter referred to as "Declarant".

RECITALS:

WHEREAS, Declarant is the Owner of that certain real estate located in the Town of Frisco, County of Summit, State of Colorado, and legally described as follows: Unit E, Building 2, Royal Glen Condos, 49 Mount Royal Drive, according to the plat thereof now on file in the Office of the Clerk and Recorder for Summit County, Colorado, under Reception No. 234677 hereinafter referred to as the "Property."

NOW, THEREFORE, in consideration of the foregoing Recitals, 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 Summit County, Colorado, 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 enure to the benefit of the Owner of the Property, the Summit County Housing Authority, and Declarant.

ARTICLE I
DEFINITIONS

Section 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 Summit County, Colorado, (or such next larger statistical area calculated by HUD that includes Summit County, Colorado, if HUD does not calculate the area median income for Summit County, Colorado, 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. "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, 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.

C. "Eligible Household" means a household earning not more than eighty percent (80%) 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 Town of the form of approval set forth in Section 3.3 of this Restriction. 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.

D. "Household" means one or more persons who intend to live together in the premises of a dwelling unit as a single housekeeping unit, but does not mean a group of four (4) or more persons unrelated by blood, adoption or marriage.

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

F. "Maximum Resale Price" means that maximum Purchase Price that shall be paid by any purchaser of a Unit, other than the initial purchaser who acquires the Unit from Declarant, that is determined in accordance with the provisions of Section 6.3 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.

G. "Mortgage" means a consensual interest created by a real estate mortgage, a deed of trust on real estate, or the like.

H. "Mortgagee" means any grantee, beneficiary, or assignee of a Mortgage.

I. "Owner" means the record owner of the fee simple title to any Unit contained within the Property.

J. "Purchase Money Mortgage" means a Mortgage given by an Owner to the extent that it is: (a) taken or retained by the seller of a Unit to secure all or part of the payment of the Purchase Price; or (b) 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 the Unit if such value is in fact so used.

K. "Purchase Price" shall mean all consideration paid by the purchaser to the seller for a Unit, but shall not include 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, or other fees and costs related to the purchase of the property but not paid

directly to Seller. Amounts paid by seller to provide clear title or as commissions or expenses of sale shall not be deducted from the sale price in determining the Purchase price.

L. "Resident" means a person and his or her Dependents, if any, who (i) at the time of purchase of a Unit, earns his or her living primarily within Summit County by working there either an average of at least 30 hours per week (determined on an annual basis, or as to seasonal employees, on a seasonal basis), or (ii) is a person who is approved, in writing, by SCHA or the Town based upon criteria including, but not limited to, total income, percent of income earned within Summit 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).

M. "SCH A" means the Summit County Housing Authority.

N. "Town" means the Town of Frisco, State of Colorado.

O. "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.

P. "Unit" shall mean the residential dwelling unit or units contained within the description of the Property as set forth hereinabove.

ARTICLE II PURPOSE

Section 2.1. Purpose. The purpose of this Restriction is to restrict ownership and sale of the Unit in such a fashion as to provide, on a permanent basis, moderately priced housing to be occupied by Resident Eligible Households, which Eligible Households, because of their income, may not otherwise be in a position to afford to purchase, own, and occupy 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 Summit County.

ARTICLE III OWNERSHIP RESTRICTIONS

Section 3.1. Ownership and Occupancy Obligation. The ownership and occupancy of a Unit is hereby limited exclusively to Eligible Households that include at least one Resident.

Section 3.2. Sale and Resale. In the event that any Unit is sold, resold, transferred and/or conveyed without compliance with this Restriction, such sale, transfer and/or conveyance shall

be wholly null and void and shall confer no title whatsoever upon the purported transferee. Except as otherwise provided herein, each and every conveyance of any Unit, for any and all purposes, shall be deemed to include and incorporate the terms and conditions of this Restriction, including, but not limited to, those provisions governing the sale, transfer or conveyance of the Property.

Section 3.3. Compliance. Any sale, transfer, and/or conveyance of any Unit shall be wholly null and void and shall confer no title whatsoever upon the purported transferee unless (i) there is recorded in the real property records for Summit County, Colorado, along with the instrument of conveyance evidencing such sale, transfer or conveyance, a completed copy of the "Memorandum of Acceptance of Residential Housing Restrictive Covenant and Notice of Lien for Unit E, Building 2, of Royal Glen Condominiums, 49 Mount Royal Drive, Town of Frisco, Colorado" attached hereto as Exhibit A, which copy is executed by the transferee and acknowledged by a Notary Public, and (ii) the instrument of conveyance evidencing such sale, transfer, and/or conveyance, or some other instrument referencing the same, bears 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 County Housing Authority or Town of Frisco as being in compliance with the Residential Housing Restrictive Covenant and Notice of Lien for Unit E, Building 2, of Royal Glen Condominiums, 49 Mount Royal Drive, Town of Frisco, Colorado, recorded in the records of Summit County, Colorado, on the ____ day of _____, 200_, at Reception No. _____."

Each sales contract for a Unit shall also (a) recite that the proposed purchaser has read, understands and agrees to be bound by the terms of this Restriction; and (b) require the proposed purchaser to submit such information as may be required by the Town or the SCHA under its rules and regulations or policies adopted for the purpose of ensuring compliance with this Restriction.

ARTICLE IV ORIGINAL SALE OF A UNIT

Section 4.1. Initial Purchase Price. Each Unit, upon completion of construction by the Declarant, shall be sold to initial purchasers who qualify as a Resident and an Eligible Household at a Purchase Price that is affordable to a Household earning 80% of the Area Median Income. For purposes of this section, a Purchase Price is "affordable" as referenced above if a financial institution or group of financial institutions is willing to loan the Purchase Price to a Household earning not more than 80% of the AMI.

ARTICLE V USE RESTRICTIONS

Section 5.1. Occupancy. Except as otherwise provided in this Restriction, each Unit shall, at all times, be occupied as a principal place of residence by an Owner (along with his or her Dependents) who, at the time of purchase of the Unit, qualified as a Resident and Eligible Household. In the event that any such Owner ceases to occupy a Unit as his or her principal place of residence, the Owner of the Unit shall, within 10 days of ceasing such occupation, notify the SCHA of the same and the Unit and shall, within 30 days of the Owner having vacated the Unit, make the Unit available for purchase pursuant to the terms of this Restriction. Any Owner who fails to occupy his or her Unit for a period of 180 consecutive days shall be deemed to have ceased to occupy the Unit as his or her principal place of residence; however, an Owner who has established a Unit as his or her principal place of residence shall not be considered to have ceased occupancy of the Unit during such period of time as the Owner is serving on active duty with the United States Armed Services.

Section 5.2. Rental. Under no circumstances shall any portion of a 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, such rental or lease shall be wholly null and void and shall confer no right or interest whatsoever to or upon the purported tenant or lessee. Any rental approved by the SCHA or the Town shall be to a Resident Eligible Household at such rental rates as shall be established by the SCHA and approved by the Town of Frisco, or as may be established by the Town of Frisco from time to time, but in any event at a monthly rental rate that shall not exceed the monthly payments on a Purchase Price that is affordable pursuant to the terms of Section 4.1 of this Restriction.

ARTICLE VI RESALE OF UNITS

Section 6.1. 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 VI.

Section 6.2. Notice. In the event that an Owner shall desire to Transfer his Unit, or in the event that an Owner shall be required to Transfer his Unit pursuant to the terms of this Restriction, he shall notify the SCHA, or such other person or entity as may be designated by the Town of Frisco, in writing of his intention to Transfer his 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. The Unit shall not, however, be sold, transferred and/or conveyed to any person, entity, or entities, (i) other than a Resident Eligible Household qualified and approved by the SCHA or the Town in such as manner as will allow the SCHA or the Town to execute the approval set forth in Section 3.3 of this Restriction, and (ii) for consideration to be paid by such qualified Resident Eligible Household that exceeds the Maximum Resale Price as such is determined pursuant to the provisions of this Article VI.

Section 6.3. Maximum Resale Price.

1. The Maximum Resale Price of a Unit may not exceed the greater of:

- a. the Purchase Price paid by the Owner for the Unit, plus 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; and
- b. the Purchase Price paid by the Owner for the Unit, plus 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 listing contract (prorated at the rate of 1/12 for each whole month), such percentage increase to not be compounded annually.

ARTICLE VII

SENIORITY OF COVENANT AND FORECLOSURE PROCEEDINGS

Section 7.1. This Restriction is senior to any Purchase Money Mortgage for the Property, except that this Restriction is subordinate to any Purchase Money Mortgage for the Property that is funded by the Federal National Mortgage Association. In the event of a foreclosure of a Purchase Money Mortgage by the holder of a first priority deed of trust against the Property (the "first lien holder"), which foreclosure is in accordance with the provisions of Colorado statutes concerning real estate foreclosure proceedings and that results in the first lien holder obtaining either a Public Trustee's Deed or a Sheriff's Deed to the Property, and only in such event, all restrictions, and conditions set forth in this Restriction shall, thereafter, only with respect to their application to the property described in such Public Trustee's Deed or Sheriff's Deed, be null and void and of no effect. If this Restriction shall become null and void pursuant to this section, the Town shall, upon written request, release this Restriction of record and waive its ability to enforce the provisions of this Restriction with respect to the property described in such Public Trustee's Deed or Sheriff's Deed. The first lien holder shall be the only party entitled to take the Property free of this Restriction.

Section 7.2. Lien. Declarant, each and every Owner, and each and every holder or beneficiary of any Mortgage, Deed of Trust or other lien or security interest upon or in the Property, by having taken title to or becoming the holder or beneficiary of such Mortgage, Deed of Trust or other security interest upon or in the Property, hereby grants and conveys to the SCHA, the Town of Frisco, and for a period of twenty years from the date of the recording of this Restriction, the Declarant, a lien upon and against each and every Unit described in this Restriction, which lien shall be for the purpose of securing for such SCHA, the Town of Frisco, and Declarant cure and redemption rights in the event of a foreclosure of a Purchase Money Mortgage, or any other lien right which is superior hereto, so as to allow the Property to remain and continue as affordable housing as more particularly described in Article II of this Restriction. The lien granted and conveyed by this Section 7.2 shall be superior to all other liens against the property except for the lien for general taxes and the lien arising from any Purchase Money Mortgage granted by the Owner of any Unit.

Section 7.3. Notice. In the event that any holder of a mortgage, deed of trust, or other lien or security interest against a Unit shall initiate foreclosure, collection, or any other

enforcement proceedings against such Unit, the Owner shall give notice of such foreclosure, collection or enforcement action to SCHA, the Town of Frisco, and, for a period of 20 years from the date of the recording of this Covenant, Declarant, which notice shall be given in writing via first class mail, postage prepaid, within five days of the date such action is commenced.

Section 7.4. Cure. So long as this Restriction shall remain in effect, upon the initiation of foreclosure, collection, or enforcement proceedings against any Unit or Owner by a holder of a Purchase Money Mortgage, or any lien right which is superior thereto, the SCHA, the Town of Frisco, and for a period of twenty years from the date of the recording of this Restriction, the Declarant, shall have the right to cure the default of an Owner under any Purchase Money Mortgage, or any lien right which is superior thereto, the same as Owner is entitled to cure such default, and any and all sums paid by the SCHA, the Town of Frisco, or Declarant in order to cure the default of the Owner under any such Purchase Money Mortgage, or other lien, together with any costs or expenses incurred in conjunction therewith, and including any costs and expenses incurred with regard to maintaining the Unit, and the cure parties' interest therein, including reasonable attorney's fees and costs, together with interest thereon at the rate being applied to such obligation immediately prior to such cure, or at the rate of twelve percent (12%) per annum, whichever is greater, shall be a lien against the Unit of such Owner superior to all other liens against the property, except for the lien for general taxes and the lien arising from any Purchase Money Mortgage which was in default, and such party which cured such default by Owner shall thereafter be entitled to foreclose such lien against the interest of Owner of the Unit, and all persons having any interest therein, in the same manner, and with all rights attendant thereto, as mortgages may be foreclosed in the State of Colorado.

Section 7.5. Redemption. So long as this Restriction shall remain in effect, the following shall have redemption rights, as otherwise provided under Colorado law, immediately following the redemption rights of the Owner of the Unit, and prior to the redemption rights of any holder of a lien against the Unit which lien is not a Purchase Money Mortgage, in any foreclosure, collection, or enforcement proceeding, in the following order:

- a. Town of Frisco; and only if the Town does not redeem,
- b. SCHA; and only if the SCHA does not redeem,

Section 7.6. Resale Following Redemption. Except as provided in Section 7.1. of this Restriction, any person or entity that becomes an Owner of a Unit as the result of any foreclosure proceeding, or as the result of any tax sale, shall, unless such Owner would otherwise qualify to purchase the Unit had such Unit been offered for resale pursuant to the provisions of this Restriction, immediately offer the Unit for sale subject to the terms and conditions of Article VI set forth hereinabove.

ARTICLE VIII GENERAL PROVISIONS

Section 8.1. Equal Housing Opportunity. Pursuant to the Fair Housing Act, Declarant, the SCHAs, and the Town 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 the Property.

Section 8.2. Rules, Regulations, and Standards. The SCHAs 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 of Frisco.

Section 8.3. Waiver of Exemptions. Every Owner, by taking title to any 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.

Section 8.4. Enforcement. Except as otherwise provided herein, the SCHAs, the Town of Frisco, the Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, and reservations imposed by the provisions of this Restriction and shall be entitled to specific enforcement of the same. Failure by any party described in this paragraph to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right by such party or any other party to do so thereafter.

Section 8.5. 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 that such invalidated provision be severable.

Section 8.6. Term. The restrictions contained herein shall run with the land and bind the land for a term of 99 years from the date that this covenant is recorded, after which time the terms of this Covenant shall be automatically extended for successive periods of 10 years.

Section 8.7. Amendment. This restriction may be amended only by an instrument recorded in the records of Summit County executed by the Town of Frisco and the then-Owner of the Property.

Section 8.8. Expenses of Enforcement. In the event that any party entitled to enforce the terms of this Restriction shall be required to bring any action as the result of any breach of the terms of this Restriction by any Owner, the party bringing such action shall be entitled to recover from and against the Owner in breach of these Restrictions, in addition to any and all other remedies available at law or in equity, reasonable attorney's fees and costs incurred in the enforcement of these Restrictions and in the bringing of such action, and the party against whom such fees and costs are awarded shall be personally liable for the payment of such fees and costs, and such award and judgment shall constitute a lien against the Unit owned by the party in

breach of these Restrictions which lien may be enforced by foreclosure of the defaulting Owner's Unit in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado.

Section 8.9. Successor to 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 SCHA shall, thereafter, mean the Town of Frisco, its successors, assigns, or any other entity designated by the Town of Frisco to administer or enforce the provisions hereof, or to perform the functions of the SCHA as described herein.

Section 8.10. 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:

Town of Frisco
Attn: Town Manager
P.O. Box 4100
Frisco, Colorado 80443

To the Summit County Housing Authority:

Summit Housing Authority
P.O. Box 188
Breckenridge, CO 80424

To the Owner:

To be determined pursuant to the Memorandum of Acceptance (as shown on Exhibit A) recorded with respect to each transfer of a Unit.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has set its hand unto this Restriction this _____ day of _____, 200_.

Town of Frisco, Colorado, a Colorado municipal corporation

By: _____

Name: Bernie Zurbriggen

Title: Mayor

STATE OF COLORADO)
) ss
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me as of the 15th day of July, 2005 by Bernie Zurbriggen as Mayor of the Town of Frisco, a Colorado municipal corporation.

WITNESS my hand and official seal.

M.H. Faessen
Notary Public

My Commission Expires: July 14, 2007

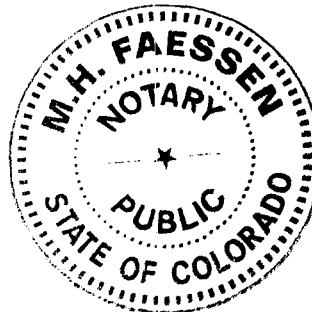


EXHIBIT A

MEMORANDUM OF ACCEPTANCE
OF
RESIDENTIAL HOUSING RESTRICTIVE COVENANT AND NOTICE OF LIEN
FOR UNIT E, BUILDING 2, OF ROYAL GLEN CONDOMINIUMS, 49 MOUNT ROYAL
DRIVE, TOWN OF FRISCO, 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
Unit E, Building 2 of Royal Glen Condominiums, 49 Mount Royal Drive, Town of Frisco,
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, pursuant to Section 8.10 of the Restrictive Covenant,
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 SCHA (as defined in the Restrictive Covenant).

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 _____, by _____.

Witness my hand and official seal.

My commission expires: _____

Notary Public