

APPENDIX "A"

MASTER DECLARATION OF COVENANTS AND RESTRICTIONS CONCERNING THE OCCUPANCY AND RESALE OF PROPERTY DESIGNATED BY THE TOWN OF EAGLE AS A LOCAL EMPLOYEE RESIDENCE

THIS MASTER DECLARATION OF COVENANTS AND RESTRICTIONS CONCERNING THE OCCUPANCY AND RESALE OF PROPERTY DESIGNATED BY THE TOWN OF EAGLE AS A LOCAL EMPLOYEE RESIDENCE (the "Declaration") is made and entered into this _____ day of _____, 20____, by _____, whose address is _____, (the "Declarant"), and for the benefit of and specifically enforceable by the Declarant, the Owner, and the Town of Eagle, Colorado, a municipal corporation (the "Town").

RECITALS

WHEREAS, Declarant owns the real property described in Exhibit "A", attached hereto and incorporated herein by this reference (the "Property"). For purposes of this Declaration, the Property shall include the real property and all dwellings, appurtenances, improvements and fixtures associated therewith; and

WHEREAS, in accordance with the Town's Local Employee Residency Program Requirements and Guidelines, Declarant and the Town desire to provide for certain restrictions relating to ownership and occupancy of the Property, qualifications of subsequent purchasers of the Property, and limitations on the resale price of the Property in the future, as more particularly provided herein, in order to increase the supply of housing that is affordable to persons who live and/or work in the Town of Eagle; and

WHEREAS, Declarant agrees that this Declaration shall constitute a resale agreement setting forth the provisions controlling the resale of the Property should Declarant's purchaser or any subsequent purchaser desire to sell its interest in the Property at any time after the date of this Declaration.

NOW, THEREFORE, Declarant does hereby publish and declare the following terms, restrictions and limitations which shall be deemed to run with the Property and shall be a burden to any person acquiring or owning any interest in the Property subsequent to the Declarant, their grantees, personal representatives, heirs, successors and assigns for so long as this Declaration remains in force and effect with respect to the Property:

SECTION 1 DEFINITIONS

Terms used in this Declaration shall have the same meaning as set forth in the Town of Eagle's Local Employee Residency Program Requirements and Guidelines. In addition, the following terms shall have the meaning assigned below:

- 1.1_ Accessory Dwelling Unit (“ADU”). A complete, separate housekeeping unit, which is secondary to and isolated from the principal dwelling unit on the Property, and which may be attached to the principal structure or free-standing.
- 1.2_ Declarant. _____, its grantees, personal representatives, heirs, successors and assigns.
- 1.3_ Declaration. This Master Declaration of Covenants and Restrictions Concerning the Occupancy and Resale of Property Designated by the Town of Eagle as a Local Employee Residence.
- 1.4_ Local Broker. A real estate broker licensed to sell real estate in the State of Colorado, with a local office in Eagle County, Colorado.
- 1.5_ Local Employee Residency Program Requirements. The Town of Eagle’s Local Employee Residency Program Requirements and Guidelines, or its substitute, as adopted by the Town of Eagle, Colorado, or its successor, as amended and effective at the time of the closing of the sale of the Property from Declarant to the Qualified Buyer, or from subsequent Owners to Qualified Buyers. To the extent there are any conflicts between the Local Employee Residency Program Requirements and this Declaration, this Declaration shall govern and control.
- 1.6_ Maximum Resale Price. The Owner’s purchase price together with the original value of Permitted Capital Improvements, plus allowable appreciation, as further described in Section 6 of this Declaration.
- 1.7_ Permitted Capital Improvements. Certain improvements to the Property made by the Owner which are included in the calculation of the Maximum Resale Price, as further described in subsection 6.3 of this Declaration.
- 1.8_ Owner. A Qualified Buyer or other person or persons, or entity, other than the Town, who acquires an ownership interest in the Property in compliance with the terms and provisions of this Declaration; it being understood that such person, persons or entity shall be deemed an Owner hereunder only during the period of his, her, their or its ownership in the Property, and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period.
- 1.9_ Property. The property described in Exhibit “A”, attached hereto and incorporated herein by this reference.
- 1.10_ Program Administrator. The person designated by the Town Administrator who is responsible for the administration and enforcement of the Town of Eagle’s Local Employee Residency Program.
- 1.11_ Qualified Buyer. A natural person or persons meeting the residency and/or

employment qualifications set forth in the Local Employee Residency Program Requirements, or such person(s)' estate planning entity.

1.12_ Qualified Owner. An Owner of the Property who met the qualifications for a Qualified Buyer, at the time such Owner obtained title to the Property.

1.13_ Town. The Town of Eagle, Colorado, a municipal corporation.

1.14_ Unqualified Owner. An Owner of the Property who was not a Qualified Buyer at the time such Owner obtained title to the Property.

SECTION 2 COVENANTS RUNNING WITH PROPERTY

This Declaration constitutes covenants running with the Property as a burden thereon, for the benefit of, and specifically enforceable by, the Declarant, any Owner and the Town by any appropriate legal action, including but not limited to, specific performance, injunction, reversion, or eviction of non-complying Owners and occupants. By taking ownership to or occupying the Property, any Owner or other person thereby expressly agrees to be and shall be bound by this Declaration, representations, covenants and agreements contained herein. Any Owner shall execute and record a Memorandum of Acceptance in a form substantially similar to the form attached hereto as Exhibit "B", and incorporated herein by this reference, prior to or simultaneous with taking title to the Property. Provided, however, the failure of an Owner to execute such form shall not invalidate application of this Declaration. In the event of a conflict between this Declaration and any other covenants, conditions or restrictions governing the Property, this Declaration shall control, unless otherwise specified herein.

SECTION 3 RESTRICTIONS ON USE AND OCCUPANCY OF PROPERTY

3.1 Housing for Natural Persons Only. The use and occupancy of the Property shall henceforth be limited exclusively to housing for natural persons who meet the definition of Qualified Buyers and their families, and shall not be used or occupied by a partnership, corporation, limited liability company or other business entity.

3.2 Occupancy as Primary Residence. An Owner (other than Declarant or the Town), in connection with the purchase and ownership of the Property, must occupy the principal dwelling unit on the Property as his or her sole, exclusive and permanent place of residence during the time that the Property is owned by such Owner, except as otherwise provided in this Section of the Declaration. If an Accessory Dwelling Unit ("ADU") is located on the Property, the Owner shall not occupy the ADU as his or her primary residence. A permanent residence shall mean the home or place in which one's habitation is fixed and to which one, whenever he or she is absent, has a present intention of returning after a departure or absence therefrom. In determining what is a permanent residence, the following circumstances relating to the Owner may be considered: business pursuits,

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employment, income sources, residence for income or other tax purposes, residence of parents, spouse and children, if any, location of Owner's personal and real property, residence for voter registration purposes, residence for motor vehicle registration and license purposes, and any other information relevant for the purposes of determining the permanent place of residence of the Owner.

Unless a leave of absence is granted by the Town in accordance with the Local Employee Residency Program Requirements, the Owner shall be deemed to have ceased using the Property as his or her sole, exclusive and permanent place of residence by accepting permanent employment outside of the Eagle area, or residing in the Property for fewer than nine (9) months out of any twelve (12) consecutive month period. In the event the Property is owned by more than one Owner, at least one co-owner of the Property must utilize the Property as his or her sole, exclusive and permanent place of residence.

3.3 Leave of Absence. If the Owner must leave the Eagle area for a limited period of time and desires to rent the Property during his or her absence, a leave of absence may be granted by the Town for up to one (1) year, however consecutive leaves of absence shall not extend longer than two (2) years. The Owner must submit a request and intent to rent for such leave of absence to the Program Administrator at least thirty (30) days prior to the date the Owner plans to leave the area. The rental of the Property shall be in accordance with Section 4 of this Declaration and the Local Employee Residency Program Requirements.

3.4 Business Activity Prohibited. An Owner shall not engage in any business activity on or in the Property, other than as permitted in the zone district in which the Property is located under applicable Town ordinances.

3.5 Restriction on Resale of Property. An Owner shall not sell or otherwise transfer the Property except in accordance with Section 5 of this Declaration and the Local Employee Residency Program Requirements. An Owner shall not sell or otherwise transfer the Property for use in any trade or business.

3.6 Compliance with Declaration Required. An Owner shall not permit any use or occupation of the Property by others, except in compliance with this Declaration.

SECTION 4 RENTAL OF THE PROPERTY

4.1 Rental of Property Restricted. An Owner shall not rent the Property for any period of time, except that this subsection shall not preclude:

- 4.1.1 An Owner from sharing occupancy of the principal dwelling unit located on the Property with non-owners on a rental basis provided the Owner continues to reside in the principal dwelling unit located on the Property and meet the obligations contained in this Declaration; or

- 4.1.2 An Owner from renting the principal dwelling unit located on the Property so long as the rental is for more than one (1) month and less than nine (9) months, and the Owner, at the time the lease agreement is signed, has a bona fide good faith intent to reoccupy the Property as his or her permanent residence upon termination of the lease. In such an event, the Owner shall only rent the Property in accordance with this Section 4; or
- 4.1.3 An Owner from renting the principal dwelling unit located on the Property in accordance with this Section 4 during any period that the Owner has moved from the Property and obtained a leave of absence in accordance with subsection 3.3 above and the Local Employee Residency Program Requirements; or
- 4.1.4 A personal representative of the Owner from renting the principal dwelling unit located on the Property in accordance with this Section 4 after the death of the Owner, so long as the personal representative is pursuing sale of the Property in accordance with the requirements of subsection 5.4 of this Declaration; or
- 4.1.5 A foreclosing holder of a bona fide promissory note secured by a bona fide first priority deed of trust on the Property from renting the Property so long as it is actively pursuing such foreclosure; or
- 4.1.6 An Owner from renting the Accessory Dwelling Unit (“ADU”), if an ADU is located on the Property.

4.2 Amount of Rent. In the event the Owner, or other person identified in subsection 4.1 above, except a foreclosing holder as set forth in subsection 4.1.5 above, desires to rent the principal dwelling unit located on the Property and such rental is permitted by this Declaration, the amount of the monthly rent charged by such Owner or other person shall not exceed the Owner’s monthly mortgage payment; plus homeowner’s association assessments; plus the cost of utilities remaining in the Owner’s name; plus applicable real property taxes and property insurance not included in the monthly mortgage amount, prorated on a monthly basis; plus an additional twenty dollars (\$20.00). The Owner or other lessor may require a security deposit and damage deposit at the time a lease for the Property is executed, provided, however, the combination of such security and damage deposits shall not exceed 1.5 times the amount of the monthly rental payment.

4.3 Qualified Lessees Required. The Owner, or other person identified in subsection 4.1 above, except a foreclosing holder as set forth in subsection 4.1.5 above, shall only rent the principal dwelling unit located on the Property to a person employed in, and/or resident of, the Town of Eagle, Colorado, who meets the eligibility requirements for a Qualified Purchaser as set forth in the Local Employee Residency Program Requirements. Prior to any lease of the principal dwelling unit located on the Property, the proposed lessee must complete an application form provided by the Town for certification of eligibility, and the proposed lessee must further agree to abide by any

covenants, conditions and restrictions for the Property and any homeowners' association rules and restrictions applicable to the Property. The Owner, or other permitted lessor, and the proposed lessee shall sign a statement indicating that any applicable covenants, conditions and restrictions for the Property have been provided to the proposed lessee by the Owner.

4.4 Lease Agreement Required. A copy of the lease agreement executed between the Owner, or other lessor identified in subsection 4.1 above, and the lessee for lease of the principal dwelling unit located on the Property shall be submitted to the Program Administrator for approval. Such lease agreement shall prohibit a sublease of the principal dwelling unit, and shall provide for termination of the lease upon thirty (30) days notice following sale of the Property.

4.5 Additional Consideration Prohibited. The Owner or other permitted lessor shall not require or accept any consideration for lease of the principal dwelling unit located on the Property other than that stated in the lease agreement and allowed by the terms of this Section 4.

SECTION 5 SALE OF THE PROPERTY

5.1 Initial Sale by Declarant. At least thirty (30) days prior to submitting an application to the Town for a building permit for construction of a dwelling unit on the Property, the Declarant shall consult with the Program Administrator in order to determine the maximum initial sales price for the Property in accordance with the Local Employee Residency Program Requirements. Upon a determination of the maximum initial sales price for the Property by the Program Administrator, such price shall be valid for a period of one hundred twenty (120) days from the date of issuance of the building permit for the dwelling unit to be constructed on the Property. During such period, the Declarant may market the Property in any manner that it determines appropriate. Upon obtaining potential Qualified Buyer(s) for the Property, the names of such potential Qualified Buyer(s) and any appropriate residency information concerning such persons, as requested by the Program Administrator, shall be submitted to the Program Administrator for review. The Program Administrator shall render a decision concerning certifications within thirty (30) days following receipt of such information. The Declarant shall only enter into a contract for the sale of the Property following certification of the potential Qualified Buyer(s) by the Program Administrator, and a determination of the priority of potential Qualified Buyer(s), if necessary. If the Declarant is unable to secure a contract for the sale of the Property within the one hundred twenty (120) day period described above, the maximum initial sales price for the Property shall again be reviewed by the Program Administrator, and adjusted if necessary pursuant to the Local Employee Residency Program Requirements. Any adjusted maximum initial sales price shall be valid for an additional one hundred twenty (120) day period.

Upon payment of the sale price by the Qualified Buyer to the Declarant, not to exceed the maximum initial sales price as approved by the Program Administrator, the Declarant shall convey the Property to the Qualified Buyer by general warranty deed, free and clear of any liens and encumbrances, and subject to this Declaration and any other declaration of covenants, conditions and restrictions that may be applicable to the Property. Any real estate sales commission applicable to

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the transaction shall be paid by the Declarant. Closing costs shall be apportioned as described in subsection 5.7 of this Declaration.

5.2 Involuntary Sale by Qualified Owner. In the event a Qualified Owner is required to sell the Property pursuant to this Declaration, such Owner, following notice from the Town, shall immediately register the Property for sale with the Program Administrator or his designated agent. At that time, the Program Administrator, or his designated agent, shall determine the Maximum Resale Price in accordance with Section 6 below. Following determination of the Maximum Resale Price, the Owner may elect to have the Town market the Property for sale, or shall promptly list the Property for sale with a Local Broker.

In the event the Owner elects to have the Town market the Property, the Town shall arrange to advertise the Property for sale in accordance with the Local Employee Residency Program Requirements. During such initial period during which the Property will be advertised, two (2) open house dates shall be scheduled when the Owner will make the Property available for inspection by prospective purchasers.

In the event the Owner elects to list the Property with a Local Broker, the Owner shall execute a standard listing contract on forms approved by the Colorado Real Estate Commission with a Local Broker providing for a thirty (30) day listing period. The Local Broker shall then promptly advertise the Property for sale to Qualified Buyers. Offers to purchase shall be received by the Local Broker during the thirty (30) day listing period, but no contract for sale shall be entered into between the Owner and a potential purchaser during such period. At the conclusion of the thirty (30) day listing period, the Program Administrator shall determine if the persons making offers to purchase the Property are Qualified Buyers, and shall determine the priority of offers received from potential Qualified Buyers in accordance with the Local Employee Residency Program Requirements. The Owner shall then proceed to enter into a contract for sale of the Property with the Qualified Buyer of the highest priority offering the highest price, not to exceed the Maximum Resale Price.

In the event that only one offer is received from a Qualified Buyer equal to the Maximum Resale Price, the Property shall be sold by Owner to such person at the Maximum Resale Price. If more than one (1) offer are received from Qualified Buyers in the amount of the Maximum Resale Price, the purchaser shall be selected by the Program Administrator according to the priorities set forth in the Local Employee Residency Program Requirements. If more than one (1) offer are of equal priority, the Town shall conduct a lottery to determine the purchaser and the Town shall notify the winner of such lottery. If the winner of the lottery does not proceed to contract with the Owner within five (5) business days after notification, a new lottery will be conducted among the remaining offerors of equal priority, if necessary, or a Qualified Purchaser in the next priority category will be selected. Such process shall be followed until the Property is under contract for purchase. Backup contracts in the priority order set forth in the lottery will be accepted.

If all offers to purchase received by the Town or the Local Broker are for less than the advertised Maximum Resale Price, the Owner shall accept the highest offer from a Qualified Buyer,

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except as otherwise provided in subsection 5.5.1 below.

If no offers are received during the initial listing or marketing period, the Town shall continue to advertise the Property in accordance with the Local Employee Residency Program Requirements until the Property is under contract for purchase, or the Owner may list the Property with a Local Broker for an additional thirty (30) day listing period and the process described above shall be followed until the Property is under contract for purchase.

5.3 Voluntary Sale by Qualified Owner. In the event a Qualified Owner desires to sell the Property, but is not required to sell the Property by the provisions of this Declaration, such Owner shall contact the Program Administrator, or his designated agent, to determine the Maximum Resale Price permitted, other applicable provisions concerning such sale, and register the Property for sale with the Town. After the Property is registered for sale with the Town, the Owner may elect to have the Town market the Property for sale, or may elect to market the Property for sale him or herself, or may elect to list the Property for sale with a Local Broker.

In the event the Owner elects to have the Town market the Property, the Town shall proceed to advertise the Property in accordance with the provisions of the Local Employee Residency Program Requirements. When the Property is first registered, there shall be an initial advertising period during which two (2) open house dates shall be scheduled when the Owner will make the Property available for inspection by prospective purchasers. If no bid is received for the Maximum Resale Price from a Qualified Buyer during the initial bid period, the Town shall continue to advertise the Property in accordance with the Local Employee Residency Program Requirements until the Property is under contract for purchase.

In the event the Owner elects to market the Property him or herself, the Owner shall advertise the Property for sale as set forth in the Local Employee Residency Program Requirements. During said period, the Owner shall schedule at least two (2) open house dates when the Owner will make the Property available for inspection by prospective purchasers. Offers may be received by the Owner during such initial advertising period, but no contract for sale shall be entered into between the Owner and a prospective purchaser. At the conclusion of the initial advertising period, the Program Administrator shall promptly determine if the persons making offers to purchase the Property are Qualified Buyers, and shall determine the priority of offers received from Qualified Buyers in accordance with the Local Employee Residency Program Requirements. The Owner may then proceed to enter into a contract for sale of the Property with the Qualified Buyer of the highest priority.

In the event the Owner elects to list the Property with a Local Broker, the Owner shall execute a standard listing contract on forms approved by the Colorado Real Estate Commission with a Local Broker providing for a thirty (30) day listing period. The Local Broker shall then promptly advertise the Property for sale to Qualified Buyers. Offers shall be received by the Local Broker during the thirty (30) day listing period, but no contract for sale shall be entered into between the Owner and a potential purchaser. At the conclusion of the thirty (30) day listing period, the Program Administrator shall promptly determine if the persons making offers to purchase the Property are

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Qualified Buyers, and shall determine the priority of offers received from Qualified Buyers in accordance with the Local Employee Residency Program Requirements. The Owner may then proceed to enter into a contract for the sale of the Property with the Qualified Buyer of the highest priority offering the highest price, not to exceed the Maximum Resale Price.

If more than one (1) offer is received from Qualified Buyers during any advertising or listing period for the Maximum Resale Price, the Qualified Buyer shall be selected according to the priorities set forth in the Local Employee Residency Program Requirements. If more than one (1) offer received for the Maximum Resale Price is of equal priority, the Town shall conduct a lottery to determine the purchaser and such person shall be notified by the Town. If the person winning such lottery does not proceed to contract with the Owner within five (5) business days after notification by the Town, another lottery shall be conducted among the remaining offerors of equal priority by the Town, if necessary, and the Town shall notify such winner, or the Qualified Buyer in the next priority category will be selected and shall be notified. Such process shall continue until the Property is under contract for purchase. Backup contracts in the priority order set forth in a lottery shall be accepted by the Town.

Subject to the provisions concerning administration fees set forth in subsection 5.6 below, an Owner voluntarily registering the Property for sale may withdraw the Property from sales registration after advertising has commenced, and may reject any or all offers at the Maximum Resale Price or otherwise, unless otherwise prohibited under the terms of a listing contract between the Owner and a Local Broker.

If the terms of the proposed purchase contract, other than price, as initially presented to the Owner, are unacceptable to the Owner, there shall be a mandatory negotiation period of three (3) business days to allow the Owner and potential buyer to reach an agreement regarding said terms, including but not limited to, the closing date and financing contingencies. If, after the negotiation period is over, the Owner and potential buyer have not reached an agreement, the next purchase offer in priority from a Qualified Purchaser will then be presented to the Owner for consideration and a three (3) business day negotiation period shall commence again. This process shall be followed until the Property is under contract for purchase.

If all offers to purchase received are below the Maximum Resale Price, an Owner may accept or reject the highest qualified offer. If all offers to purchase are below the Maximum Resale Price and two (2) or more offers are for the same price, the Qualified Buyer shall be selected by lottery conducted by the Town from among the highest qualified offerors offering the highest price.

5.4 Sale by Unqualified Owner. In the event that title to the Property vests by devise or descent or otherwise in an Owner who is not a Qualified Buyer as that term is defined in subsection 111 of this Declaration, the Property shall be registered for sale by the Owner and advertised or listed for sale as set forth in subsection 5.2 above, and the highest offer to purchase received from a Qualified Buyer, for not less than ninety-five percent (95%) of the Maximum Resale Price, or the appraised market value, which ever is less, shall be accepted by the Owner. If all bids received by the Town are below ninety-five percent (95%) of the Maximum Resale Price, or the appraised

market value, which ever is less, the Property shall continue to be advertised for sale by the Town, or listed with a Local Broker until an offer in accordance with this subsection is received by the Owner, which offer shall be accepted by the Unqualified Owner. The cost of the appraisal referred to herein shall be paid by the Unqualified Owner.

An Unqualified Owner(s) shall join in the sale, conveyance or transfer of the Property to a Qualified Buyer, as set forth herein, and shall execute any and all documents necessary to do so. The Unqualified Owner agrees not to: (a) occupy the Property; (b) rent all or any part of the Property, except in strict compliance with Section 4 hereof; (c) engage in any business activity on or in the Property; (d) sell or otherwise transfer the Property except in accordance with this Declaration and the Local Employee Residency Program Requirements; or (e) sell or otherwise transfer the Property for use in a trade or business.

When the provisions of this subsection apply, the Town may require the Unqualified Owner to rent the Property, pending sale, in accordance with the provisions of Section 4 of this Declaration.

5.5 Default in Loan Payments by Owner. It shall be a breach of this Declaration for the Owner to default in payments or other obligations due or to be performed under a promissory note secured by a first deed of trust encumbering the Property.

5.5.1 The Owner must notify the Town, in writing, of any notification received from a lender, or its assigns, of past due payments or a default in payment or other obligations due to be performed under a promissory note secured by a first deed of trust within five (5) calendar days of Owner's receipt of notification from the lender, or its assigns, of said default or past due payments.

Upon notification from the Owner, as provided above, or upon other notice of such default, the Town may require the Owner to sell the Property to avoid the commencement of any foreclosure proceeding against the Property. In the event the Town determines that sale of the Property is necessary, Owner shall immediately register the Property for sale with the Town in accordance with subsection 5.2 above. In the event of required registration of the Property for sale pursuant to this subsection 5.5, the Owner shall accept the highest bid from a Qualified Buyer which satisfies the Owner's financial or other obligations due under the promissory note secured by the first deed of trust, and any deed of trust in favor of the Town, as described in subsection 5.5.2, and shall convey the Property to such Qualified Buyer.

5.5.2 Upon receipt of notice as provided in subsection 5.5.1, the Town shall have the right, in its sole discretion, to cure the default or any portion thereof. In such event, the Owner shall be personally liable to the Town for past due payments made by the Town together with interest thereon at the rate specified in the promissory note secured by the first deed of trust, plus one

percent (1%) per annum, and all actual expenses of the Town incurred in curing the default. The Owner shall then be required by the Town to execute a promissory note secured by a deed of trust encumbering the Property in favor of the Town for the amounts expended by the Town as specified herein, including future advances made for such purposes. The Owner may cure the default and satisfy his or her obligation to the Town under this subsection at any time prior to execution of a contract for sale, upon such reasonable terms as specified by the Town. Otherwise, Owner's indebtedness to the Town shall be satisfied from the Owner's proceeds at closing of the sale of the Property.

5.6 Sales Administration Fees. In the event the Owner is required to, or desires to, sell the Property pursuant to this Declaration, the Owner shall deposit with the Town an initial administration fee in an amount equal to one-half percent (.5%) of the estimated sales price of the Property. In the event the Owner fails to perform pursuant to the registration of the Property for sale as required by this Declaration and the Local Employee Residency Program Requirements, rejects all offers at the Maximum Resale Price in cash or cash equivalent terms, or in the event the Owner withdraws the Property from registration for sale after advertising or listing with a Local Broker has commenced, such fee shall not be refunded. In the event the Owner withdraws the Property from registration for sale because of the failure of any bids to be received at the Maximum Resale Price or with acceptable terms, the advertising (if any) and administrative costs incurred by the Town shall be deducted from such fee, with the balance credited to the Owner's administration fee when the Property is sold.

In the event the Owner selected the Town to market the Property for sale, the Town shall be paid a Sales Administration Fee equal to two percent (2%) of the sales price, including the initial administration fee paid as set forth above. If the amount of the Sales Administration Fee has been included in the calculation of the Maximum Resale Price which is paid to the Owner, at the time of closing of the Property sales transaction, the Owner shall pay to the Town an additional Sales Administration Fee in an amount equal to one and one-half percent (1.5%) of the sales price. If the Sales Administration Fee has not been included in the calculation of the resale price paid to the Owner, the Qualified Buyer shall pay to the Town all applicable Sales Administration Fees. Upon such payment, the Town shall reimburse to the Owner the initial administration fee which was paid by the Owner. The Town may instruct the title company or other entity closing the sales transaction to pay the amount of the fee due to the Town at the closing of the sales transaction.

5.7 Closing Costs. The Owner and the Qualified Buyer shall each pay their respective reasonable and customary closing costs. Provided, however, if not included in the resale price, the Qualified Buyer shall pay the Sales Administration Fees as set forth in subsection 5.6 above and/or applicable real estate sales commissions, not to exceed a total amount equal to two percent (2%) of the resale price. The selling Owner shall be responsible for the payment of any additional real estate sales commission owed to the Local Broker which shall be paid from the proceeds of the sale held for the selling Owner at the closing of the sales transaction. A selling Owner shall not permit any prospective buyer to assume any or all of the Owner's customary closing costs or real estate sales commission costs, except as herein provided, nor accept any other consideration which would cause

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an increase in the purchase price above the offered price so as to induce the Owner to sell to such prospective buyer.

SECTION 6
MAXIMUM RESALE PRICE FOR THE PROPERTY

6.1 Sale in Excess of Maximum Resale Price Prohibited. In no event shall the Property be sold by any Owner for an amount greater than the Maximum Resale Price as calculated pursuant to this Section so long as this Declaration remains in effect.

6.2 Determination of Maximum Resale Price. The Maximum Resale Price is calculated by adding to the purchase price paid for the Property by the selling Owner (the “Prior Purchase Price”), which may include all reasonable and customary expenses of the purchase incurred at the time of purchase by the selling Owner as evidenced by a title company settlement sheet (including, but not limited to, title insurance premiums, Sales Administration Fees as set forth in subsection 5.6 above or real estate sales commissions not to exceed a total amount equal to two percent (2%) of the purchase price, if such fees and commissions were not originally included in the purchase price paid for the Property, but specifically excluding any costs of financing) the following:

6.2.1 For each year from the date that the selling Owner acquired the Property until the date of registration of the Property for sale, appreciation in an amount equal to the lesser of the percentage increase in the most recent CPI-U (hereinafter defined) for such year, or three percent (3%) of the Prior Purchase Price plus the cost of Permitted Capital Improvements, if any. Any such increase shall be prorated for any partial years. “CPI-U” shall mean the United States Department of Labor (Bureau of Labor Statistics) Consumer Price Index for All Urban Consumers-All Items Index for the consolidated metropolitan statistical area which includes the City and County of Denver, Colorado, which are published on a monthly basis. In the event that the CPI-U is substantially changed, renamed, or abandoned by the United States government, then in its place shall be substituted the index established by the United States government that most closely resembles the CPI-U; and

6.2.2 Sales Administration Fees as set forth in subsection 5.6 above and/or real estate sales commissions to be paid at time of closing, not to exceed a total amount equal to two percent (2%) of the sum equal to the Prior Purchase Price plus the amount calculated pursuant to subsection 6.2.1 above.

Appreciation shall be calculated based upon **simple interest**, not compounded, from the date of purchase to the date of Owner’s registration of the Property for sale with the Town. Following registration for sale with the Town, the Maximum Resale Price may be recalculated from time to time as provided in the Local Employee Residency Program Requirements.

6.3 Permitted Capital Improvements. The cost of Permitted Capital Improvements

installed or constructed during the time that the selling Owner held title to the Property may be added to the Prior Purchase Price in calculating the Maximum Resale Price. The cost of such Permitted Capital Improvements shall not exceed ten percent (10%) of the Prior Purchase Price for each ten (10) year period (or fraction thereof) of the selling Owner's ownership of the Property.

In order to receive credit for Permitted Capital Improvements, a request must be submitted by the Owner in writing to the Program Administrator prior to constructing or installing the improvements. Plans for each Permitted Capital Improvement must be submitted at least twenty-one (21) days prior to initiating work on a Permitted Capital Improvement. Notification will be given by the Town to the Owner within fourteen (14) days following receipt of such plans as to whether or not the proposed Permitted Capital Improvement is conditionally approved. Within sixty (60) days following completion of the work, the Owner must furnish to the Program Administrator the following information with respect to the Permitted Capital Improvement which the Owner seeks to include in the calculation of the Maximum Resale Price: (a) original or duplicate receipts to verify the actual costs expended by the Owner for the Permitted Capital Improvement; (b) 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 Town's Building Department with respect to the Permitted Capital Improvement. Upon receipt of such information by the Town, and upon approval by the Program Administrator, or his designee, the value of the Permitted Capital Improvements, as approved, will be added to the value of the Property in the year in which the improvements were completed, for purposes of calculating the Maximum Resale Price. The Permitted Capital Improvements, as approved, will adjust the base value of the Property in the year(s) the Permitted Capital Improvements are installed from which the Maximum Resale Price will be calculated.

Only the cost of the Permitted Capital Improvements described in Exhibit "C", attached hereto and incorporated herein by this reference, or the cost of permanent improvements constructed or installed as a result of any requirement imposed by any governmental agency, provided that written certification is provided to the Program Administrator of both the applicable requirement and the information required in the above paragraph, may be included in the calculation of the Maximum Resale Price. In calculating the costs of Permitted Capital Improvements, the Owner may include his or her labor costs or "sweat equity" in an amount not to exceed ten percent (10%) of the purchased materials and supplies provided no labor costs have been included in the submitted and approved invoices described above.

Nothing contained in this Declaration shall prohibit an Owner from making other improvements to the Property, including construction of an Accessory Dwelling Unit if permitted by applicable Town zoning ordinance(s), however, credit for such costs, for the purpose of calculating the Maximum Resale Price, will only be granted for Permitted Capital Improvements, as approved.

6.4 Example of Calculation of Maximum Resale Price. The following example is a hypothetical calculation, for illustrative purposes only, of the Maximum Resale Price associated with the Property acquired by a selling Owner on December 31, 2003, and proposed for resale on June 30, 2006. The CPI-U-All Items Index is assumed to increase two percent (2%) in 2004, four percent

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(4%) in 2008, and one and one-half percent (1.5%) in 2006, two and two-tenths percent (2.2% in 2007, and one percent (1%) for the first six (6) months of 2008. It is also assumed that approved Permitted Capital Improvements with a value of two thousand dollars (\$2,000.00) were installed at the beginning of 2005 and additional Permitted Capital Improvements with a value of twenty-four thousand dollars (\$24,000.00) were installed at the beginning of 2008. It is also assumed the Property was marketed by the Town and a two percent (2%) Sales Administration Fee was assessed pursuant to subsection 5.6

Dollar Amount	Explanation
\$228,000.00	Prior Purchase Price (including customary expenses of purchase and two percent (2%) Sales Administration Fee) on December 31, 2003
+ \$4,560.00	Two percent (2%) increase for year 2004 according to CPI-U(\$228,000.00 x .02)
+ \$2,000.00	Permitted Capital Improvements completed and certified by Town at beginning of 2005
\$230,000.00	New base value of property, including Permitted Capital Improvements, at beginning of 2005 (\$228,000.00 + \$2,000.00 = \$230,000.00)
+ \$6,900.00	Three percent (3%) increase for 2005 (\$230,000.00 x .03) Note: Limited to three percent (3%) pursuant to this Declaration even though CPI-U increase was four percent (4%) in 2005
+ \$3,450.00	One and one-half percent (1.5%) increase for year 2006 according to CPI-U (\$230,000.00 x .015)
+5,060.00	Two and two-tenths percent (2.2%) increase for year 2007 according to CPI-U (\$230,000.00 x .022)
+\$20,800.00	Permitted Capital Improvements completed and certified by Town at beginning of 2008. Note: \$24,000.00 in additional improvements were installed. However, \$3,200.00 was disallowed because the total cost of Permitted Capital Improvements cannot exceed ten percent (10%) of the Prior Purchase Price for each ten (10) year period. (\$228,000.00 x .10 = \$22,800.00) Maximum amount of Permitted Capital Improvements allowed (\$22,800.00) - 2005 improvements (\$2,000.00) = remaining amount of Permitted Capital Improvements allowed for credit (\$20,800.00)
\$ 250,800.00	New base value of property, including maximum allowable Permitted Capital Improvements at beginning of 2008 (\$230,000.00 + \$20,800.00 = \$250,800.00)
+\$2,508.00	One percent (1%) increase for first six (6) months of year 2008 according to

Dollar Amount	Explanation
	CPI-U (\$250,800.00 x .01) for sale registered on June 30, 2008.
\$ 268,218.00	Maximum Resale Price Subtotal
\$ 5,364.36	Sales Administration Fee-two percent (2%) of Maximum Resale Price Subtotal (\$268,218.00 x .02)
\$ 273,582.36	Total Maximum Resale Price for sale registered on June 30, 2008

THE MAXIMUM RESALE PRICE REPRESENTS ONLY THE HIGHEST PRICE THAT A SELLING OWNER MAY OBTAIN UPON SALE OF THE PROPERTY SUBJECT TO THIS DECLARATION, AND NOTHING HEREIN SHALL BE CONSTRUED TO CONSTITUTE A REPRESENTATION, WARRANTY OR GUARANTEE BY THE DECLARANT, OR THE TOWN OF EAGLE, COLORADO, THAT UPON TRANSFER OF THE PROPERTY, THE SELLING OWNER WILL OBTAIN THE MAXIMUM RESALE PRICE.

IN ADDITION, NOTHING CONTAINED IN THIS DECLARATION SHALL BE DEEMED TO PREVENT A SELLING OWNER OR THE TOWN OF EAGLE, COLORADO, AS AN OWNER, AND ANY QUALIFIED PURCHASER, FROM ENTERING INTO AN AGREEMENT TO PURCHASE AND SELL THE PROPERTY AT ANY PRICE, NOT IN EXCESS OF THE MAXIMUM RESALE PRICE, TO WHICH SUCH PARTIES AGREE.

SECTION 7 FORECLOSURE OF THE PROPERTY

7.1 Town's Option to Purchase Upon Foreclosure. In the event of a foreclosure by the holder (including assigns of the holder) of a bona fide promissory note secured by a bona fide first priority deed of trust on the Property, the Town shall have the option to purchase the Property which shall be exercised in accordance with this Section 7 and Exhibit "D", attached hereto and incorporated herein by this reference.

7.2. Notice. The holder, as defined herein, shall give such notice to the Town as is required by law in the foreclosure proceeding as further described in Exhibit "D", attached hereto.

7.3 Release of Declaration if Town's Rights Not Exercised. In the event that the holder, as defined in this Section, is issued a public trustee's deed and the Town does not elect to purchase the Property in accordance with the terms of this Section 7 and Exhibit "D", attached hereto, or then this Declaration shall be terminated and of no further force and effect and the Town shall cause to be recorded in the office of the Clerk and Recorder of Eagle County, Colorado, a full and complete release of this Declaration as further described in Exhibit "D", attached hereto. Such release shall be placed of record within fourteen (14) days following expiration of the option to purchase, without demand by holder, as further described in Exhibit "D".

7.4 Town's Right to Purchase Pending Foreclosure. As a condition of the purchase of the Property, each Qualified Buyer shall execute a right of first refusal agreement as set forth in Exhibit "E", attached hereto and incorporated herein by this reference, following purchase of the Property. Under such agreement, in the event a foreclosure action is filed or pending related to the Property, and the Qualified Buyer desires to offer to sell the Property, the Town shall have a right of first refusal to purchase the Property, as further described in Exhibit "E". Such agreement shall be subordinate and junior to the legal operation and effect of any present or future bona fide first mortgage or first deed of trust against the Property.

7.5 Not Applicable to Foreclosure of Other Liens. The provisions of this Section 7 shall not apply to the foreclosure, or conveyance in lieu of foreclosure, of any interest in the Property except an interest created by a bona fide first priority deed of trust, and shall not include, without limitation, interests created by a second priority deed of trust, a sheriff's deed, judicial lien, tax lien, and similar liens. This Declaration shall specifically survive the conveyance by foreclosure or deed in lieu of foreclosure of any such liens.

SECTION 8 ALTERNATIVE DISPUTE RESOLUTION

8.1 Agreement to Avoid Litigation. All persons subject to this Declaration, including without limitation, the Declarant, the Owner, and the Town (collectively the "Bound Parties") agree to encourage the amicable resolution of disputes involving this Declaration and the application thereof without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein ("Claims") shall be resolved using the procedures set forth in this Section prior to filing suit in any court of law.

8.2 Claims. Unless specifically exempted in subsection 8.6 below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, or the rights, obligations and duties of any Bound Party under this Declaration, shall be subject to the provisions of this Section 8.

8.3 Notice of Claim. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

8.3.1 The nature of the Claim, including the persons involved and Respondent's role in the Claim;

8.3.2 The legal basis of the Claim (i.e., a specific authority out of which the Claim arises);

8.3.3 Claimant's proposed remedy; and

8.3.4 That Claimant will meet with Respondent to discuss in good faith ways to

resolve the Claim.

8.4 Negotiation and Mediation. The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If the parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period of time as may be agreed upon by the parties) (“Termination of Negotiations”), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Eagle County, or, if the parties otherwise agree, to an independent agency providing dispute resolution services in the Eagle County, Colorado area.

If Claimant does not submit a Claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation Notice”). The Termination of Mediation Notice shall set forth that the parties are at an impasse.

8.5 Arbitration. Any Claim by a Bound Party not resolved by negotiation or mediation shall be decided by arbitration, unless specifically exempted in Section 8.6 below, in accordance with the rules referenced in the Local Employee Residency Program Requirements, unless the parties mutually agree otherwise.

A Demand for Arbitration shall be filed in writing by the Claimant with each Respondent. A Demand for Arbitration may be made concurrently with the notice set forth in subsection 8.3 above, or may be made within twenty (20) days after issuance of the Termination of Mediation Notice described in subsection 8.4 above. The Demand for Arbitration shall contain the same information as set forth in subsections 8.3.1, 8.3.2, and 8.3.3 above. In no event shall the Demand for Arbitration be made after the date when institution of legal or equitable proceedings based upon such Claim would be barred by the applicable statute of limitations.

Within twenty (20) days following submission of a Demand for Arbitration or issuance of a Termination of Mediation Notice, whichever shall last occur, Claimant shall appoint, by written notice to Respondent, an arbitrator. Within twenty (20) days after receipt of such notice from the Claimant, Respondent shall appoint a second arbitrator, and in default of such second appointment the first arbitrator shall be deemed the sole arbitrator. Within twenty (20) days after appointment of the two arbitrators as provided for above, the two arbitrators shall, if possible, agree on a third arbitrator and shall appoint him or her by written notice signed by both of them with a copy mailed to each party within twenty (20) days after such appointment.

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In the event twenty (20) days shall elapse after the appointment of the second arbitrator without notice of appointment of the third arbitrator as provided above, then any Bound Party may in writing, within twenty (20) additional days, request the Eagle County District Court to appoint the third arbitrator in accordance with applicable law.

Upon appointment of the arbitrator(s) as provided for above, the arbitrator(s) shall hold an arbitration hearing at a location designated within Eagle County, Colorado within ninety (90) days after such appointment. At the hearing, the rules specified in the Local Employee Residency Program Requirements shall apply. The arbitrator(s) shall allow each party to present that party's case, evidence and witnesses, if any, and shall render their decision, including a provision for payment of the costs and expenses of arbitration, to be paid by one or all of the parties as the arbitrators deem just. A written decision by the arbitrator(s) shall be issued within thirty (30) days after the close of the submission of evidence.

The decision of the majority of the arbitrators shall be binding on the Bound Parties, and may only be appealed as set forth in the applicable law specified in the Local Employee Residency Program Requirements. Upon application of any party, the Eagle County District Court shall confirm an award of the arbitrators and such order may be enforced as any other court judgment or decree, including specific performance and injunctive relief as further provided under applicable Colorado law.

8.6 Exemptions. The provisions of this Section 8 shall not apply to violations of this Declaration as set forth in subsections 9.1, 9.3 and 9.5 below.

SECTION 9 DEFAULT AND REMEDIES

9.1 Default; Inspection and Notice. In the event that the Town has reasonable cause to believe that the Owner is violating any provision of this Declaration, the Town, by its authorized representative, may inspect the Property between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Owner with no less than twenty-four (24) hours prior written notice and provided that the Owner or his or her authorized representative shall be entitled to be present during such inspection. In the event that a violation of this Declaration shall be discovered during such inspection, the Town shall send a written notice of a violation to the Owner stating in detail the nature of the violation and allowing the Owner thirty (30) days after the effective date of the notice of violation to cure the same. Said notice of violation shall further state that the Owner may request a hearing before the Town Administrator of the Town, by notice to the Program Administrator within fifteen (15) days after the effective of the notice of violation, to determine the merits of the allegations. An Owner shall be deemed to be in default of this Declaration if: (a) no hearing is requested and the violation is not cured within thirty (30) days after the effective date of the notice of violation; or (b) the Owner requests a hearing and the violation is not cured within thirty (30) days after the effective date of written notice from the Town to the Owner of the determination of said hearing finding a violation exists.

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9.2 Remedies - General Provisions. There is hereby reserved to the parties hereto, including the Town, any and all remedies provided at law or in equity for breach of this Declaration or any of its terms, including but not limited to, specific performance, a mandatory injunction requiring sale of the Property, reversion or eviction. In the event that the parties resort to litigation with respect to any provision of this Declaration not subject to arbitration, the substantially prevailing party shall be entitled to recover damages and costs, including a mandatory award of reasonable attorney's fees (including legal assistants' fees) incurred by the substantially prevailing party.

9.3 Sale in Violation of Declaration Void. In the event that the Property is sold or conveyed without compliance with the provisions of this Declaration, such sale or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported transferee. Each and every conveyance of the Property, for all purposes, shall be deemed to include and incorporate by this reference the covenants herein contained, even without reference therein to this Declaration. The Town shall be authorized to issue a certificate, in recordable form, to the selling Owner of the Property upon closing of the sale thereof, which certificate shall evidence the selling Owner's full compliance with the terms and conditions of this Declaration, and the issuance and recording of such certificate in connection with a sale of the Property shall be conclusive evidence as against the Town that the sale was completed in full compliance with this Declaration.

9.4 Forfeiture of Resale Gain. If the Owner is finally determined to have breached any provision of this Declaration, and if such Owner fails to cure such breach as provided in this Declaration, then, in addition to all other remedies available to it, the Town may determine that the defaulting Owner, his or her heirs, successors or assigns, shall forfeit any resale gain in the Property, in which case the Maximum Resale Price of the Property shall be the Prior Purchase Price of the Property without regard to the provisions of subsection 1.6 and Section 6 of this Declaration.

9.5 Criminal Penalties. If the Town determines that there has been a violation of the occupancy restrictions as contained in this Declaration and applicable provisions of the Eagle Municipal Code, the Town may commence an action in the Eagle Municipal Court. In any such action, the defendant shall be subject to the criminal penalties set forth in the applicable provisions of the Eagle Municipal Code upon conviction.

9.6 Declaration Enforceable Only by Parties. The provisions and remedies provided in this Declaration shall be enforceable only by the Declarant, the Town and Owner, unless the rights and obligations of the parties hereunder have been assigned pursuant to the provisions of this Declaration. No private right of action in any other person or entity shall be created by this Declaration, and it is the specific intent of the Declarant that no third party beneficiary right shall be created thereby.

9.7 Limitation on Actions. If no action is taken to enforce a breach of this Declaration, or any provision thereof, within three (3) years after the breach occurs, then a party shall be precluded from enforcing that particular breach. No action to set aside or void a transfer of the Property

pursuant to this Section may be brought by the Town more than three (3) years after the deed evidencing the transfer is filed for record with the Clerk and Recorder of Eagle County, Colorado.

SECTION 10
MISCELLANEOUS PROVISIONS

10.1 Assignment by Town. The Town may assign its rights under this Declaration to any other governmental, quasi-governmental or private entity formed for the purpose of promoting affordable housing, including without limitation, any housing department of the County of Eagle, Colorado. Any such assignment shall be evidenced by a document signed by the assignee and recorded in the real property records of Eagle County, Colorado.

10.2 Notices. Any notice, consent or approval which is required to be given hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with postage fully prepaid, to the addresses set forth below, 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 Declaration. Notices shall be effective upon receipt, as evidenced by the certified mail return receipt.

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

To Declarant: _____

To the Town: Town of Eagle, Colorado
P.O. Box 609
Eagle, CO 81631
Attention: Local Employee Residency Program Administrator

To the Owner: The address on the deed to the Owner recorded with respect to each transfer of the Property, or such other address as such Owner shall subsequently give notice of to the Town.

10.3 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be valid under applicable law; but if any provision of this Declaration shall be declared to be invalid or prohibited by a court of competent jurisdiction, such provision shall be ineffective to the extent of such invalidity or prohibition without invalidating the remaining provisions of this Declaration.

10.4 Choice of Law. This Declaration and each and every related document is to be

governed and construed in accordance with the laws of the State of Colorado.

10.5 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.

10.6 Section Headings. Section or subsection headings within this Declaration are inserted solely for convenience of reference, and are not intended to, and shall not govern, limit or aid in the construction of any terms or provisions contained herein.

10.7 Waiver. No claim of waiver, consent or acquiescence with respect to any provision of this Declaration shall be valid against any party hereto except on the basis of a written instrument executed by the parties to this Declaration.

10.8 Gender and Number. Whenever the context so requires herein, the neuter gender shall include any or all genders and vice versa and the use of the singular shall include the plural and vice versa.

10.9 Personal Liability. Owner agrees that he or she shall be personally liable for any of the transactions contemplated herein.

10.10 Further Actions. The parties to this Declaration 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 Declaration or any agreement or document relating hereto or entered into in connection herewith.

10.11 Modifications. The parties to this Declaration agree that any modifications of this Declaration shall be effective only when made by a writing signed and recorded with the Clerk and Recorder of Eagle County, Colorado. Notwithstanding the foregoing, the Town reserves the right to amend this Declaration unilaterally where deemed necessary to effectuate the purpose and intent of this Declaration, and where such unilateral action does not materially impair the Owner's rights under this Declaration. Moreover, the Town reserves the right, and Owner hereby grants to the Town the right, to amend or revise the Local Employee Residency Program Requirements and related Town ordinances after a public hearing on any such amendments or revisions with prior notice of the public hearing published in a locally available newspaper.

10.12 Limitation of Liability. Officers, employees and agents of the Town shall not be liable to any Owner or other person for any actions taken in good faith to enforce the terms and conditions of this Declaration.

ACCEPTANCE BY THE TOWN OF EAGLE, COLORADO

The foregoing Master Declaration of Covenants and Restrictions Concerning the Occupancy And Resale of Property Designated by the Town of Eagle as a Local Employee Residence for

[LEGAL DESCRIPTION]

and its terms are hereby ratified, approved, accepted, agreed to and adopted by the Town.

TOWN OF EAGLE, COLORADO, a
municipal corporation

By: _____
_____, Mayor

ATTEST:

_____, Town Clerk

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

Subscribed and sworn to before me this _____ day of _____, 20____, by
_____, Mayor, and _____, Town Clerk, respectively,
of the Town of Eagle, Colorado.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires:

Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "B"

**MEMORANDUM OF ACCEPTANCE OF MASTER DECLARATION OF COVENANTS
AND RESTRICTIONS CONCERNING THE OCCUPANCY AND RESALE OF PROPERTY
DESIGNATED BY THE TOWN OF EAGLE AS A LOCAL EMPLOYEE RESIDENCE**

RECITALS

WHEREAS, _____, the Owner of the following described real property (the "Buyer") has simultaneously with execution of this Memorandum purchased certain real property described as _____; and

WHEREAS, the Town of Eagle, Colorado, and the Declarant _____, are requiring, as a condition of such sales transaction, that the Buyer acknowledge and agree to the terms, conditions and restrictions found in that certain instrument entitled "Master Declaration of Covenants and Restrictions Concerning the Occupancy and Resale of Property Designated by the Town of Eagle as a Local Employee Residence," recorded on _____, 20____, as Reception No. _____ of the records of the Clerk and Recorder of Eagle County, Colorado (the "Declaration").

NOW, THEREFORE, as required by the Declaration, and in consideration of the covenants and agreements contained therein, and contained herein, the Buyer agrees and acknowledges as follows:

1. The undersigned has carefully read the entire Declaration, has had the opportunity to consult with legal and financial counsel of his or her choice concerning the Declaration, fully understands the Declaration, and agrees to comply with all covenants, restrictions and requirements thereof.

2. Notices to the Buyer, pursuant to subsection 10.2 of the Declaration should be sent to:

3. This Memorandum shall be placed of record in the records of the Eagle County, Colorado Clerk and Recorder.

Dated: _____

EXHIBIT “C”

PERMITTED CAPITAL IMPROVEMENTS

1. The term “Permitted Capital Improvements,” as used in the Declaration, shall only include the following:

- a. The addition of a habitable room or storage space;
- b. The finishing of uninhabitable space if it is converted into a habitable room;
- c. The conversion of a carport into a completely enclosed garage;
- d. The conversion of surface parking into a carport or garage (if allowed under applicable development/subdivision improvements agreement and Town zoning regulations);
- e. Modifications or improvements to accommodate a person with a disability as defined in the Americans with Disabilities Act of 1990;
- f. Improvements that reduce the consumption of energy and/or water;
- g. Kitchen and bathroom renovations, including appliances and fixtures, when a minimum of two thousand dollars (\$2,000.00) in repairs and replacements has occurred, and the kitchen/bathroom is at least twenty (20) years old;
- h. Replacement of the roof; and
- i. Replacement of the furnace.

2. No other categories or types of expenditures shall qualify as Permitted Capital Improvements unless expressly approved in writing by the Town.

3. All Permitted Capital Improvement items and costs shall be approved by the Town **prior** to commencement of the work if Owner desires such items to be included in the calculation of the Maximum Resale Price.

EXHIBIT “D”

OPTION TO BUY

In the event of a foreclosure by the holder (including here and hereinafter assigns of the holder) of the promissory note secured by a bonafide first deed of trust on _____ (the "Property"), and subject to the issuance of a public trustees deed to the holder following the expiration of all statutory redemption rights, the Town of Eagle, Colorado shall have the option to buy the Property pursuant to subsection 7.1 of Section 7 of the Declaration, which shall be exercised in the following manner:

a. Notice.

Pursuant to subsection 7.2 of Section 7 of the Declaration, the holder shall give such notice to the Town as is required by law in the foreclosure proceeding.

Said notice shall be sent by certified mail, return receipt requested, and addressed as follows:

Local Employee Residency Program Administrator
Town of Eagle
P.O. Box 609
Eagle, CO 81631

b. Option to Buy.

The Town shall have thirty (30) days after issuance of the public trustee's deed in which to exercise this option to buy by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure.

c. Title.

Upon receipt of the option price, the holder shall deliver to the Town a special warranty deed, conveying the property to the Town. The holder shall convey only such title as it received through the public trustee's deed and will not create or participate in the creation of any additional liens or encumbrances against the Property following issuance of the public trustee's deed to the holder. The holder shall not be liable for any of the costs of conveyance to the Town or its designee.

d. Release.

In the event the holder is issued a public trustee's deed and the Town does not exercise the option to purchase, as provided herein, the Town shall cause to be recorded in the records of the Clerk and Recorder of Eagle County a full and complete release of the Master Declaration of Covenants and Restrictions concerning the Occupancy and Resale of Property Designated by the Town of Eagle as a Local Employee Residence, affecting the Property, which appears in said records as Reception No. _____. Such release shall be placed in the record within fourteen (14) days without demand therefore by the holder following expiration of the option and a certified copy of the release shall be mailed to the holder upon its recordation.

e. Perpetuities Savings Clause.

If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Option to Buy shall be unlawful or void for violation of: (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for a period of the lives of the current duly elected and seated members of the Board of Trustees of the Town of Eagle, Eagle, Colorado, their now living descendants, if any, and the survivors of them, plus twenty-one (21) years.

f. Successors and Assigns.

Except as otherwise provided herein, the provisions and covenants contained herein shall inure to and be binding upon the heirs, successors and assigns of the parties hereto.

g. Modifications.

The parties hereto agree that any modification to this Option to Buy shall be effective only when made by writings signed by all parties and recorded with the Clerk and Recorder of Eagle County, Colorado.

EXHIBIT "E"

RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF FIRST REFUSAL AGREEMENT (“Agreement”) is dated _____, 20____, by and between _____ (the “Buyer”), and the Town of Eagle, Colorado, a Colorado municipal corporation (the “Town”).

RECITALS

WHEREAS, Buyer is the owner of the real property described as _____, Town of Eagle, Eagle County, Colorado (the “Property”); and

WHEREAS, the Buyer desires to grant to the Town, for a period of thirty (30) years beginning on the date hereof and expiring on the thirtieth (30th) anniversary of the date hereof, a right of first refusal to purchase the Property in the event a foreclosure is filed affecting the Property on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the sum of ten dollars (\$10.00) in hand paid by the Town to the Buyer and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. If, at any time after the date of this Agreement, there shall be a foreclosure action filed related to the Property and pending, and Buyer shall desire to offer to sell the Property or any interest therein, or shall receive from a third party a bona fide offer to purchase the Property or any part thereof which the Buyer desires to accept, the Buyer, before making or accepting the offer, as the case may be, shall send the Town two (2) copies of a contract for the sale of the Property embodying the terms of the offer, both copies of which shall have been duly executed by the Buyer, together with a written notification from the Buyer of Buyer’s intention to make or accept the offer embodied in the contract, as the case may be, if the offer is not accepted by the Town. The Town shall have the right, within thirty (30) days of the receipt of the contract and the written notice, to purchase the Property or such part thereof on the terms and conditions set forth in the contract. In the event the Town elects to accept the offer embodied in the contract, the Town must do so by executing one (1) copy of the contract and returning it to the Buyer within twenty-one (21) days of receipt of such contract.

2. If the Town does not accept the offer embodied in the contract within the twenty-one (21) day period provided in paragraph 1 hereof, then the offer to the Town embodied in the contract shall be deemed withdrawn and the Buyer shall be free for a period of six (6) months from the expiration of the twenty-one (21) day period to sell or offer to sell the Property or such part thereof to third parties on terms not less favorable to the Buyer than those set forth in the contract and clear of this Right of First Refusal. In the event the Property or such part thereof is not sold to a third party within the six (6) month period, then any further offer to sell or to purchase the Property or any part thereof must first be submitted to the Town in accordance with the provisions of paragraph 1.

3. In the event the Buyer shall, during the aforesaid six (6) month period (or during a subsequent six (6) month period as in this paragraph 3 provided), decide to revise the terms of its offer so that the Property or any part thereof shall be offered for sale upon terms less favorable to the Buyer than those contained in any contract previously submitted to the Town, or shall receive from a third party a bona fide offer to purchase the Property or any part thereof on less favorable terms, which offer the Buyer is willing to accept (such less favorable terms, which offer the Buyer is willing to accept, being hereinafter referred to as a "New Offer"), then the Buyer shall, with respect to each such New Offer, before offering the Property or such part thereof for sale to others on the terms embodied in the New Offer, or accepting the New Offer, as the case may be, offer to sell the Property or such part thereof to the Town on the terms contained in the then current New Offer. The terms of the New Offer shall be embodied in a new contract for the sale of the Property or such part thereof, which shall be submitted to the Town in accordance with the requirements of paragraph 1 above. If the Town shall not accept the New Offer within twenty-one (21) days after the receipt of the new contract and the written notice referred to in paragraph 1 above, then the Buyer shall be free for a period of six (6) months from the expiration of the twenty-one (21) day period to sell or offer to sell the Property or such part thereof to third parties on terms not less favorable to the Buyer than those contained in the New Offer free and clear of this Right of First Refusal; provided, however, that in the event the Property or such part thereof is not sold to a third party within the six (6) month period, then any further offers with respect to the Property or any part thereof must be submitted to the Town in accordance with the provisions of paragraph 1.

4. In the event the Town fails to purchase the Property in accordance with this Right of First Refusal Agreement and the Buyer sells the Property to a third party in accordance with this Right of First Refusal Agreement, the Town shall cause to be recorded in the records of the Clerk and Recorder of Eagle County a full and complete release of the Master Declaration of Covenants and Restrictions Concerning the Occupancy and Resale of Property Designated by the Town of Eagle as a Local Employee Residence, affecting the Property, which appears in said records as Reception No. _____. Such release shall be placed of record within fourteen (14) days following sale of the Property and a certified copy of the release shall be mailed to the third party purchaser upon its recordation.

5. This Agreement shall be subordinate and junior to the legal operation and effect of any present or future bona fide first priority mortgage or deed of trust which is now or hereafter becomes a lien on the Property.

6. The Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective personal representatives, heirs and assigns.

7. All notices pursuant to this Agreement shall be deemed given when personally delivered to the party to whom it is directed during business hours on a business day or in lieu of personal delivery on the second (2nd) business day after the same is deposited in the United States mail, postage prepaid, sent certified mail, return receipt requested, addressed as follows:

If to Buyer: _____

If to Town: Local Employee Residency Program Administrator
Town of Eagle
P.O. Box 609
Eagle, Colorado 81631

Either party may change its address for the purposes of this section by giving notice of the changed address to the other party in the manner provided for above.

IN WITNESS WHEREOF the parties executed this Agreement as of the date and year first

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above written.

BUYER:

TOWN OF EAGLE, COLORADO, a
Colorado municipal corporation

By: _____
_____, Mayor

ATTEST:

_____, Town Clerk

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The above and foregoing instrument was acknowledged before me _____,
20____, by _____ as Mayor and _____ as Town Clerk of the
Town of Eagle, Colorado.

Witness my hand and seal.

My commission expires: _____
Notary Public

The above and foregoing instrument was acknowledged before me _____,
20____, by _____.

Witness my hand and official seal.

My commission expires: _____
Notary Public