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**DECLARATION OF DEED RESTRICTION
FOR THE RESALE OF
THE BLUFFS, LOTS 34, 53, 55, and 59**

THIS DECLARATION OF DEED RESTRICTION FOR THE RESALE OF THE BLUFFS LOTS 34, 53, 55, AND 59 (the "Declaration") is made and entered into this 28 day of July, 2004, by Vail Resorts Development Company, a Colorado corporation (hereinafter "Declarant").

WITNESSETH:

WHEREAS, Declarant is owner of real property described as The Bluffs Lots 34, 53, 55 and 59, Eagle, Colorado, 81631. For purposes of this Declaration, the real property and all dwellings, appurtenances, improvements and fixtures of each lot collectively and individually associated therewith shall hereinafter each be referred to as a "Lot", and collectively as the "Property," and Declarant is the seller of improvements currently on and planned for the Property; and

WHEREAS, there is a need for affordable housing for residents of Eagle County and this Declaration restricting the transfer of the Property supports the health, safety and welfare of the citizens of the County; and

WHEREAS, this Declaration is in accordance with the housing plan commitment associated with the Red Sky Ranch Planned Unit Development (Eagle County File No. PDS-00017); and

WHEREAS, this Declaration shall constitute resale covenants setting forth the maximum sales price for which the Property may be sold ("Maximum Sales Price"), the amount of appreciation and the terms and provisions controlling the resale of the Property.

NOW, THEREFORE, Declarant hereby represents and covenants as follows:

1. A person or persons who acquires an ownership interest in the Property in compliance with the terms and provisions of this Declaration is an "Owner." Such person or persons shall be deemed an Owner hereunder only during the period of his, her or their ownership interest in the Property and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period.
2. An Owner, in connection with the purchase of a Lot, must sell or otherwise transfer such Lot only in accordance with this Declaration.
3. All obligations recorded in the records of the Clerk and Recorder of Eagle County, Colorado of record against the Lot and subsequent to this Declaration shall be subordinate to the terms hereof.



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4. This Declaration shall constitute a covenant running with each Lot, as a burden thereon, and shall be specifically enforceable by Declarant or any other aggrieved party.
5. In the event that an Owner desires to sell his Lot, the Owner shall comply with and follow the procedures set forth in this Declaration.
6. Maximum Sales Price: Owner shall not sell the Lot for an amount greater than the ("Maximum Sales Price") which shall be determined as follows:
 - a. Start with the original purchase price paid for the Lot plus any closing costs incurred, as evidenced by a title company settlement sheet, this total is the "base price." Any costs of financing are specifically excluded.
 - b. Calculate the CPI increase for each year or partial year (as further defined below including a sample calculation, below).
7. Indexed Maximum Sales Price/CPI: Beginning upon the first acquisition of the Lot from Declarant and thereafter, the Maximum Sales Price (the "MSP") for resale shall be no more than the base price plus a Consumer Price Index (the "CPI") increase compounded annually. CPI is published by the US Department of Labor, Bureau of Labor Statistics. The MSP shall never be less than the base price. As of the first acquisition of the Lot from Declarant, the December 31, 2003 index of 185.7 shall apply as the initial CPI rate, further described below:

Consumer Price Index: "CPI" means a fraction, the denominator of which shall be the Consumer Price Index - All Urban Consumers, Denver - Boulder (1982-84 = 100) published by the Bureau of Labor Statistics of the U. S. Department of Labor most recently prior to December 31, 2003 and the numerator of which is the CPI for the same calendar month published most recently prior to the applicable time for which an adjustment is to be made. In the event the Bureau of Labor Statistics changes the base period from the present base period of 1982-84 = 100 to another base period, the new CPI for the applicable month preceding December 31, 2003 shall be substituted for the number originally used as the denominator in the fraction specified above. If the CPI is discontinued, the parties shall accept comparable statistics on the purchasing power of the consumer or labor dollar as published at the time of such discontinuation by responsible financial periodical to a substitute recognized authority. The CPI index herein referred to can currently be found on the internet at www.bls.gov/cpi/home.htm#data, then click "Regional Resource - Denver," "Go" to see the most current index.

- a. In the event an owner owns his Lot for only a portion of any year, the percentage increase shall be prorated quarterly and the Owner shall be given credit through the quarter in which the sale occurs. For years that do not consist of twelve (12) full months, prorate the amount to the next highest quarter (for example, if selling the home in May, prorate to the next highest quarter, basing the % increase on 6 months instead of 12 months or a 1.5% increase instead of a 3% increase).



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b. There may be a delay in the publication of statistics from the U.S. Department of Labor, therefore, the calculation of MSP shall be based upon the most current available data. If data for the year of sale is not available then the Owner shall rely on the most current year's data that is available for purposes of calculating the MSP.

c. A sample calculation with a hypothetical sale of July, 2006 using a hypothetical December, 2004 index and a hypothetical December, 2005 index is provided below:

<u>Activity</u>	<u>Index</u>	<u>% Incr</u>	<u>Price Incr.</u>	<u>MSP</u>
Initial Purchase in July, 2004 of \$225,000	185.7			\$225,000
Closing cost of \$1,000, July, 2004	185.7	-	\$1,000	\$226,000
Consumer Price Index, December, 2004	192.2	3.5%	\$7,910	\$233,910
Consumer Price Index, December, 2005	199.9	4 %	\$9,356	\$243,266

Therefore, MSP with a July, 2006 sale in the example above = \$243,266

8. NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE DECLARANT TO PROTECT OR INDEMNIFY THE OWNER AGAINST ANY LOSSES ATTRIBUTABLE TO OWNERSHIP.
9. In the event the Lot is sold and/or conveyed without compliance herewith, such sale and/or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported buyer. Each and every conveyance of a Lot, for all purposes, shall be deemed to include and incorporate by this reference, the covcnants contained herein, even without reference therein to this Declaration.
10. In the event that the Owner fails to cure any breach of this Declaration, the Declarant may resort to any and all available legal action, including, but not limited to, specific performance of this Declaration, mandatory injunction, and/or the sale of the Lot by Owner. The costs of such sale shall be taxed against the proceeds of the sale with the balance being paid to the Owner.
11. In the event of a breach of any of the terms or conditions contained herein by the Owner, his or her heirs, successors or assigns, the Maximum Sales Price of the Lot as set forth in this Declaration shall, upon the date of such breach cease to increase, and shall remain fixed until the date of cure of said breach.
12. Declarant shall release and waive its ability to enforce this Declaration only in the event of a foreclosure or acceptance of a deed in lieu of foreclosure by the holder (including assigns of the holder) of a promissory note secured by a first deed of trust on the Lot.



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In the event of a foreclosure or acceptance of a deed in lieu of foreclosure by the holder (including assigns of the holder) of a promissory note secured by a first deed of trust on the Lot, and subject to the issuance of a public trustee's deed to the holder following the expiration of all statutory redemption rights, or issuance of a deed in lieu of foreclosure to the holder, this Declaration of Deed Restriction for the Resale of The Bluffs Lots 34, 53, 55 and 59 recorded in the records of the Clerk and Recorder, Eagle County, Colorado shall be automatically released only with respect to the Lot which is the subject of foreclosure as of the thirty-first day after the issuance of such public trustee's deed in lieu of foreclosure. The Holder shall then not be required to take any affirmative action to obtain such release and without the necessity of filing a release of the Declaration.

It is agreed that this Paragraph shall not result in a release of the Declaration from any Lot which is not the subject of foreclosure and nothing contained herein shall require a release and waiver in the event of foreclosure of a lien secured in second or subsequent position.

13. 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.
14. Severability. Whenever possible, each provision of this Declaration and any other related document shall be interpreted in such a manner as to be valid under applicable law; but if any provision of any of the foregoing shall be invalid or prohibited under said applicable law, such provisions shall be ineffective to the extent of such invalidity or prohibition without invalidating the remaining provisions of such documents.
15. 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.
16. Successors. Except as otherwise provided herein, the provisions and covenants contained herein shall inure to and be binding upon the heirs, successors and assigns of the parties.
17. Section Headings. Paragraph or section headings within this Declaration are inserted solely for convenience or reference, and are not intended to, and shall not govern, limit or aid in the construction of any terms or provisions contained herein.
18. 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. However, the party for whose benefit a condition is inserted herein shall have the unilateral right to waive such condition.
19. Gender and Number. Whenever the context so required 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.



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- 20. Personal Liability. Owner agrees that he or she shall be personally liable for any of the transactions contemplated herein.
- 21. 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 Declaration or document relating hereto or entered into in connection herewith.
- 22. Modifications. Any modification to this Declaration shall be effective only when made by writings signed by all affected parties and consented to by Eagle County and recorded in the records of the Clerk and Recorder of Eagle County, Colorado. No modification to this Declaration may be made that materially impairs the Owner's rights or any lender's rights under this Declaration.

IN WITNESS WHEREOF, the Declarant hereto has executed this instrument on the day and year above first written.

VAIL RESORTS DEVELOPMENT COMPANY:

By: *Richard D MacCuthen*
 Print name: Richard D MacCuthen
 Title: Vice President

STATE OF COLORADO)
)ss:
 COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this 28th day of July, 2004, by Richard D. MacCuthen, Vice President of Vail Resorts Development Company, a Colorado corporation.
 Witness my hand and official seal.

My commission expires: 9.07.07



My Commission Expires Sept. 7, 2007

Kursten L Canada
 Notary Public