

**RESIDENTIAL HOUSING RESTRICTIVE COVENANT AND NOTICE OF LIEN
FOR UNIT __, OF _____,
TOWN OF FRISCO,
SUMMIT COUNTY COLORADO**

This Residential Housing Restrictive Covenant and Notice of Lien for Unit ____, of _____, Summit County, Colorado, (this "Restriction,") is made this ____ day of _____, 20__, by _____, (hereinafter referred to as "Declarant").

RECITALS:

WHEREAS, Declarant is the Owner of that certain real estate located in the County of Summit, State of Colorado, and legally described as follows: Unit __, of _____, according to the plat thereof now on file in the Office of the Clerk and Recorder for Summit County, Colorado, under Reception No. _____ (hereinafter referred to as the "Property"); and

WHEREAS, Declarant has executed this Restriction pursuant to the terms of that certain Frisco Deed Restriction Purchase Agreement dated _____, 20__ between the Town of Frisco, Colorado, a Colorado municipal corporation, and the Declarant

NOW, THEREFORE, in consideration of the foregoing Recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant hereby declares that the Property shall hereafter be held, sold, and conveyed subject to the following covenants, restrictions, and conditions, all of which shall be covenants running with the land, and which are for the purposes of ensuring that the Property remains available for purchase and occupation by persons residing and working in 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 inure to the benefit of the Owner of the Property, the Summit Combined Housing Authority, the Town, and Declarant.

**ARTICLE I
DEFINITIONS**

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

A. "Authorized Lessee" means a person approved by the Town who meets the definition of a Resident Eligible Household and who leases the property pursuant to the limitations of section 7.2 of this Restriction.

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 amended.

C. "First Mortgage" means a Mortgage which is recorded senior to any other Mortgage against the Property to secure a loan used to purchase Property.

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

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

H. "Owner" means the record owner of the fee simple title to the Property.

I. "Purchase Money Mortgage" means a Mortgage given by an Owner to the extent that it is: (a) taken or retained by the seller of the Property 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 Property if such value is in fact so used.

J. "Purchase Price" shall mean all consideration paid by a purchaser to a seller for the Property, but shall EXCLUDE, with respect to the Declarant, any amount paid to the Declarant by the Town of Frisco pursuant to the Frisco Deed Restriction Purchase Agreement between the Town of Frisco and the Declarant, and with respect to any and all purchasers, the amounts paid to proration amounts at closing, taxes, costs and expenses of obtaining financing, lenders fees, title insurance fees, closing costs, inspection fees, real estate purchase and/or sales commission(s) or other fees and costs related to the purchase of the Property but not paid directly to Seller.

K. "Qualified Owner" means natural person(s) that meet(s) the definitions of both a Resident and an Eligible Household, or non-qualified Owner under Section 5.1.B., qualified and approved by SCHA or the Town in such manner that will allow Housing Helps Program 2.0
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SCHA or the Town to execute, on an instrument of conveyance, a copy of the language set forth in Section 5.3 below.

L. "Resident" means a person and his or her Dependents, if any, who (i) at the time of purchase of a Unit and all times during ownership or occupancy of the Property, earns his or her living from a business operating within one mile of the Ten Mile Basin in Summit County, by working at such business an average of at least 30 hours per week on an annual basis. A person shall remain a Resident regardless of his or her working status, so long as he or she has owned and occupied the Property, or other real property within Summit County that is deed restricted for affordability, for a time period of not less than seven (7) years. The term "business" as used in this Article I, Subsection L and Section 5.1.B. shall mean an enterprise or organization providing goods and/or services, whether or not for profit, and shall include, but not be limited to, educational, religious, governmental and other similar institutions.

M. "Resident Household" shall mean a Household that includes at least one Resident.

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

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

P. "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 the Property, 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 the Property is transferred and the Owner obtains title.

ARTICLE II **PURPOSE**

The purpose of this Restriction is to restrict ownership, occupancy and sale of the Property in such a fashion as to provide, on a permanent basis, moderately priced housing to be occupied by Resident Households, which Resident 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 **RESTRICTION AND AGREEMENT BINDS THE PROPERTY**

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

ARTICLE IV **OCCUPANCY RESTRICTIONS**

Other than use by the SCHA or the Town, and except as may be otherwise expressly set forth in this Restriction, the use and occupancy of the Property shall be limited exclusively to housing for natural persons who meet the definition of Resident and Household.

ARTICLE V **OWNERSHIP RESTRICTIONS**

5.1. Ownership and Occupancy Obligation.

A. Except as provided in Section 5.1.B., ownership of the Property is hereby limited exclusively to Households that include at least one Resident.

B. Upon the written consent of SCHA or Town, which consent may be recorded, a non-qualifying natural person or entity that owns and/or operates a business located in Summit County may purchase the Property; provided, however, that by taking title to the Property, such Owner shall be deemed to agree to the rental restrictions set forth herein, and further that any Owner who does not qualify as a Resident Household shall rent the Property to a Resident Household as more fully set forth in Section 7.1 of this Restriction, and shall not occupy or use the Property for the Owner's own use or leave the Property vacant.

5.2. Sale and Resale. In the event that the Property is sold, resold, transferred and/or conveyed without compliance with this Restriction, SCHA or the Town shall have the remedies set forth herein, including, but not limited to, the rights set forth in Section 8.5. Except as otherwise provided herein, each and every conveyance of the Property, for any and all purposes, shall be deemed to include and incorporate the terms and conditions of this Restriction.

5.3. Compliance. Any sale, transfer, and/or conveyance of the Property shall be wholly null and void and shall confer no title whatsoever upon the purported

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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 "Notice of Lien and Memorandum of Acceptance of Residential Housing Restrictive Covenant for Unit __, of _____, Summit County, 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 Combined Housing Authority or Town of Frisco as being in compliance with the Residential Housing Restrictive Covenant for Unit __ of _____, Summit County, Colorado, recorded in the records of Summit County, Colorado, on the ___ day of _____, 20__, at Reception No. _____."

Each sales contract, or lease as the case may be, for the Property 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 and/or lessee to submit such information as may be required by the Town/County or the SCHA under its rules and regulations or policies adopted for the purpose of ensuring compliance with this Restriction.

5.4. Refinance Restriction. The Owner shall not encumber the Property in an amount in excess of the Purchase Price.

ARTICLE VI

This Article is intentionally left blank.

ARTICLE VII USE RESTRICTIONS

7.1. Occupancy. Except as otherwise provided in this Restriction, the Property shall, at all times, be occupied as a principal place of residence by an Owner, or, if applicable, an Authorized Lessee, (along with his or her Dependents) who, at the time of purchase, or in the case of an Authorized Lessee at the time of occupancy, of the Property, qualified as a Resident and Household. In the event that any Owner ceases to occupy the Property as his or her principal place of residence, or any non-qualified Owner permitted to purchase the Property as set forth in Section 5.1.B. leaves the

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Property unoccupied by a Resident Household for a period of 90 consecutive days, the Owner of the Property shall, within 10 days of ceasing such occupation, notify the SCHA of the same and the Property shall, within 30 days of the Owner having vacated or left vacant the Property make the Property available for purchase pursuant to the terms of this Restriction. Any Owner who fails to occupy his or her Property for a period of 90 consecutive days shall be deemed to have ceased to occupy the Property as his or her principal place of residence; however, an Owner who has established the Property as his or her principal place of residence shall not be considered to have ceased occupancy of the Property during such period of time as the Owner is serving on active duty with the United States Armed Services.

7.2. Rental. Under no circumstances shall the Property be leased or rented for any period of time without the prior written approval of the SCHA or the Town, which approval may be conditioned, in the SCHA's or Town's sole and absolute discretion, on the lease or rental term being limited to a not-less-than six (6) consecutive month period. In the event that the Property, 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 Household (such lessee being referred to herein as an "Authorized Lessee").

7.3. Involuntary Sale Upon Change in Residence. In the event Owner changes residence or ceases to utilize the Property as his or her exclusive and permanent place of residence, or in the event any non-qualified Owner permitted to purchase the Property as set forth in Section 5.1.B. leaves the Property unoccupied by a Resident Household for a period of 90 consecutive days, as determined by the SCHA or the Town, the Property shall be offered for sale pursuant to the provision of Article VIII of this Restriction. The SCHA may further require the Owner to rent the Property in accordance with the provisions of Article X below.

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

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ARTICLE VIII
RESALE OF THE PROPERTY

8.1. Resale. The Property shall not be transferred subsequent to the purchase by Declarant except upon full compliance with the procedures set forth in this Article VIII.

8.2. Notice and General Limitations on Resale. In the event that an Owner shall desire to Transfer his Property, or in the event that an Owner shall be required to Transfer their Property pursuant to the terms of this Restriction, they shall notify the SCHA and the Town of Frisco, or such other person or entity as may be designated by the Town, in writing of their intention to Transfer his Property. The Property may be offered, advertised, or listed for sale by such Owner at such Owner's sole cost and expense, in any manner in which such Owner may choose. An Owner may list the Property for sale through SCHA for a commission equal to 2.0% of the sales price. Except as otherwise set forth in this Section 8.2, the Property shall not, however, be sold, transferred and/or conveyed to any person, entity, or entities other than a Resident Household, or non-qualified buyer under Section 5.1.B., qualified and approved by the SCHA or the Town in such a manner as will allow the SCHA or the Town to execute the approval set forth in Section 5.3 of this Restriction (a "Qualified Buyer"). Any other provision of this Restriction notwithstanding, upon resale of the Property: during the first thirty (30) days after listing the Property for sale with written notification to the Town of Frisco and the Summit Combined Housing Authority (SCHA), and in a manner accessible to the general public, the Property may be sold or contracted for sale only to a "Resident" who at the time of purchase earns his or her living from a business operating in the Town of Frisco, by working at such business an average of at least thirty (30) hours per week on an annual.

8.4. Non-Qualified Transferees. In the event that title to the Property vests in individuals and/or entities who are not a Qualified Buyer (hereinafter "Non-Qualified Transferee(s)") by descent, by foreclosure and/or redemption by any lien or mortgage holder (except any holder of a HUD - insured First Mortgage), or by operation of law or any other event, SCHA or the Town may elect to notify the non-qualified transferee that it must sell the Property in accordance with Section 8.5. The non-qualified transferee shall not: (i) occupy the Property; (ii) rent all or any part of the Property, except in strict compliance with this Restriction; (iii) engage in any business activity on or in the Property; (iv) sell or otherwise Transfer the Property except in accordance with this Restriction; or (v) sell or otherwise Transfer the Property for use in trade or business.

8.5. Sales to Preserve as Affordable Housing.

A. In the event the Property is occupied, transferred or leased in violation of this Restriction, SCHA or the Town may, at its sole discretion, notify an Owner that

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it must immediately list the Property for sale (including the execution of a listing contract with, and the payment of the specified fees) by SCHA. The highest reasonable offer by a Qualified Owner shall be accepted by the Owner.

B. If required by SCHA or the Town, the Owner shall: (i) consent to any sale, conveyance or transfer of such Property to a Qualified Owner; (ii) execute any and all documents necessary to do so; and (iii) otherwise reasonably cooperate with SCHA or the Town to take actions needed to accomplish such sale, conveyance or transfer of such Property. For this purpose Owner constitutes and appoints SCHA and the Town as its true and lawful attorney-in-fact with full power of substitution to complete or undertake any and all actions required under this Section 8.5.B. It is further understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked. Owner specifically agrees that all power granted to SCHA and the Town under this Restriction may be assigned by either of them to their respective successors or assigns.

C. In order to preserve the affordability of the Units for persons of low to moderate income, SCHA or the Town, or their respective successors, as applicable, shall also have and are hereby granted the right and option to purchase the Property, exercisable within a period of fifteen (15) calendar days after notice is sent by SCHA or the Town to the Owner that requires the Owner to sell the Property pursuant to this Section 8.5. SCHA or the Town shall complete the purchase of the Property within thirty (30) calendar days after exercising its option hereunder for a price equal to the lesser of the appraised market value of the Property, the reasonableness of which appraisal shall be determined by SCHA or the Town in its reasonable good faith judgment. SCHA or the Town may assign its option to purchase hereunder to an eligible purchaser which, for the purpose of this Section 8.5(c), shall be a Qualified Owner.

D. In all situations in which the provisions of this Section 8.5 apply, SCHA or the Town may alternatively require the Owner to rent the Property to a Resident Household in accordance with the requirements and limitations of this Restriction.

ARTICLE IX **FORECLOSURE**

9.1 Release. Subject to the process and rights set forth in this Article IX below, this Restriction shall be deemed released as to the Property in the event of (i) the issuance of a public trustee's deed, sheriff's deed or similar conveyance of the Property in connection with a foreclosure by the holder of a HUD-insured or other First Mortgage, or (ii) the acceptance of a deed in lieu of foreclosure by the holder of a HUD-insured or other First Mortgage. This Restriction shall also automatically terminate and be released as to the Property upon the assignment to HUD of an HUD-insured mortgage encumbering the Property. The Town, in its sole discretion, may elect to release a Property from this Restriction in the event of (1) the issuance of a public trustee's deed, sheriff's deed or similar conveyance of the Property in connection with a Housing Helps Program 2.0

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foreclosure of the Town's lien, as defined in Section 9.2, or (2) the acceptance of a deed in lieu of foreclosure by the Town in connection with the Town's Lien. If the Town chooses to terminate this Restriction with respect to a particular Property, the Town shall record a document referencing such termination in the real property records of the County. Any and all claims of the Town available hereunder against the Owner personally shall survive any release or termination of this Restriction.

9.2 Lien.

A. The SCHA and the Town shall have, and are hereby granted, a lien against the Property ("SCHA's Lien" or "Town's Lien") to secure payment of any amounts due and owing the SCHA or the Town pursuant to this Restriction including: the SCHA's or the Town's sale proceeds and/or amounts due to the SCHA or the Town in the event of a foreclosure of a First Mortgage and to secure the obligations to the SCHA or the Town hereunder. The SCHA's Lien and the Town's Lien on the Property shall be superior to all other liens and encumbrances except the following:

- (1) liens and encumbrances recorded prior to the recording of this Restriction and Agreement;
- (2) real property ad valorem taxes and special assessment liens duly imposed by Colorado governmental or political subdivision or special taxing districts;
- (3) liens given superior priority by operation of law; and
- (4) the lien of any First Mortgage against the Property.

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

C. The sale or other transfer of the Property shall not affect the SCHA's Lien or the Town's Lien. No sale or deed in lieu of foreclosure shall relieve the Owner from continuing personal liability for payment of his or her obligations hereunder. The SCHA's Lien or the Town's Lien does not prohibit actions or suits to recover sums

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due pursuant to this Restriction and Agreement, or to enforce the terms of this Restriction, or to prohibit the SCHA or the Town from taking a deed in lieu of foreclosure.

9.3 SCHA's and Town's Option to Redeem and to Buy.

A. Foreclosure/SCHA's or Town's Option to Redeem. In the event of a foreclosure, the SCHA and the Town shall be entitled to receive notice of the foreclosure proceedings as is required by law to be given by the public trustee or the sheriff, as applicable, to lienors of the Property that are junior to the First Mortgage (as provided in C.R.S. §38-38-101 *et seq.*, or any succeeding statute). The SCHA and the Town shall have a right of redemption, and such other rights as a lienor in foreclosure, as its interest appears, in accordance with Colorado law governing foreclosure. The SCHA's Lien and the Town's lien is created pursuant to Section 9.2 above.

B. Deed in lieu of Foreclosure/Option to Buy. In the event that the First Mortgagee takes title to the Property by deed in lieu of foreclosure, the SCHA and the Town shall have an option to buy the Property ("Option to Buy") exercisable in accordance with this paragraph. Within three (3) days after the First Mortgagee's first attempt to secure a deed in lieu of foreclosure, the Owner shall deliver written notice to the SCHA and the Town of such intent to Transfer title. The SCHA or the Town may exercise its Option to Buy by tendering the Deed In Lieu Price (as defined below) to the First Mortgagee, within thirty (30) days from and after vesting of title to the Property in the First Mortgagee by deed in lieu of foreclosure ("Deed in Lieu Option Period"). Upon receipt of the Deed in Lieu Price, the First Mortgagee shall deliver to the SCHA or the Town a special warranty deed conveying fee simple title in and to the Property, in which event this Restriction and Agreement shall remain valid and in full force and effect. The Deed in Lieu Price shall be equal to: (i) the amounts unpaid pursuant to the First Mortgage note; (ii) any other reasonable costs incurred by the First Mortgagee that directly relate to the deed in lieu of foreclosure; and (iii) any additional reasonable costs incurred by the First Mortgagee during the Deed in Lieu Option Period that are directly related to maintenance of the Property. The First Mortgagee shall convey only such title as it received through the deed in lieu of foreclosure and will not create or suffer the creation of any additional liens or encumbrances against the Property following issuance of the deed in lieu of foreclosure to the First Mortgagee. The First Mortgagee shall not be liable for any of the costs of conveyance of the Property to the SCHA, the Town, or its designee; *however*, the First Mortgagee shall cooperate with the SCHA or the Town in calculating the Deed in Lieu Price and in the execution of the Option to Buy.

C. Upon Exercising Option. In the event that the SCHA or the Town obtains title to the Property pursuant to this Article, the SCHA, the Town or its designee may sell the Property to a Qualified Buyer, or rent the Property to third parties until such time that the Property can be sold to a Qualified Buyer. The SCHA's or the Town's

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subsequent sale of the Property in these circumstances shall not be subject to the Maximum Sale Price restrictions set forth in Article VIII hereof.

D. Release upon Electing Not to Exercise Options. In the event that the SCHA or the Town does not exercise its Option to Redeem as described in this Article or its Option to Buy as described above, as applicable, within the time periods set forth in this Article, this Restriction shall automatically terminate and shall be of no further force and effect, and the SCHA and the Town shall prepare and execute a release of this Restriction and, within thirty (30) days of such termination, cause such release to be recorded in the records of the Clerk and Recorder of the County. Notwithstanding the foregoing, any and all claims of the SCHA and the Town available hereunder against the Owner personally shall survive any release or termination of this Restriction.

9.4 Perpetuities Savings Clause. If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Article IX shall be unlawful or void for violation of: (1) the rule against perpetuities or some analogous statutory provision; (2) the rule restricting restraints on alienation; or (3) any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the shorter of (x) the term of this Restriction, or (y) the period of the lives of the current duly elected and seated board of directors of the SCHA, their now living descendants, if any, and the survivor of them, plus twenty-one (21) years.

ARTICLE X **ENFORCEMENT**

10.1 Enforcement of This Restriction. The Declarant and each Owner hereby grants and assigns to SCHA or the Town the right to review and enforce compliance with this Restriction. Compliance may be enforced by SCHA or the Town by any lawful means, including without limitation, seeking any equitable relief (including, without limitation, specific performance and other equitable relief as set forth in Section 10.2 below), as well as a suit for damages; provided, however, in the event the Property is financed by a HUD-insured First Mortgage and is sold in violation of Section 8.3 hereof, such enforcement shall not include:

- A. acceleration of a mortgage;
- B. voiding a conveyance by an Owner;
- C. terminating an Owner's interest in the Property; or
- D. subjecting an Owner to contractual liability.

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Notwithstanding the foregoing, in no event shall SCHA or the Town have any equitable remedies (including, but not limited to, the right to sue for specific performance or seek other equitable relief as set forth in Section 10.2) or the right to sue for damages if the Owner of the Property that was financed with a HUD-insured First Mortgage breaches or violates the terms, covenants and other provisions of Section 8.3 hereof and if to do so would violate any existing or future requirement of HUD, it being understood, however, that in such event, SCHA or the Town shall retain all other rights and remedies hereunder for enforcement of any other terms and provisions hereof, including, without limitation: (i) the right to sue for damages to reimburse SCHA or the Town, or its agents, for its enforcement costs and to require an Owner to repay with reasonable interest (not to exceed ten percent (10%) per annum) any assistance received in connection with the purchase of the Property; (ii) the right to prohibit an Owner from retaining sales or rental proceeds collected or received in violation of this Restriction; and (iii) the option to purchase granted to SCHA or the Town in Section 8.5(c) hereof. Venue for a suit enforcing compliance shall be proper in Summit County, Colorado and service may be made or notice given by posting such service or notice in a conspicuous place on the applicable Property. As part of any enforcement action on the part of SCHA or the Town, the applicable Owner shall pay all court costs and reasonable legal fees incurred by SCHA or the Town, or its agents, in connection with these claims, actions, liabilities or judgments, including an amount to pay for the time, if any, of SCHA or the Town's or its agents, attorney spent on such claims at the rates generally charged for similar services by private practitioners within the County.

10.2 Injunctive and other Equitable Relief. Declarant and each Owner agree that in the event of Declarant's or Owner's default under or non-compliance with the terms of this Restriction, SCHA or the Town shall have the right to seek such equitable relief as it may deem necessary or proper, including, without limitation, the right to: (a) seek specific performance of this Restriction; (b) obtain a judgment from any court of competent jurisdiction granting a temporary restraining order, preliminary injunction and/or permanent injunction; and (c) set aside or rescind any sale of the Property made in violation of this Restriction. Any equitable relief provided for in this Section 10.2 may be sought singly or in combination with such legal remedies as SCHA or the Town may be entitled to, either pursuant to this Restriction, under the laws of the State of Colorado or otherwise.

ARTICLE XI

GENERAL PROVISIONS

11.1 Equal Housing Opportunity. Pursuant to the Fair Housing Act, Declarant, the SCHA, 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.

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

11.3 Waiver of Exemptions. Every Owner, by taking title to the Property, 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 Property under state or federal law presently existing or hereafter enacted.

11.4 Enforcement. Except as otherwise provided herein, the SCHA, the Town, 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.

11.5 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 Property owned by the party in breach of these Restrictions which lien may be enforced by foreclosure of the defaulting Owner's Property in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado or elimination of Owner's resale gain on the Property.

11.6 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, SCHA and Town that such invalidated provision be severable.

11.7 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.

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

11.9 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 its successors, assigns, or any other entity designated by the Town to administer or enforce the provisions hereof, or to perform the functions of the SCHA as described herein.

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

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

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

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

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

11.15 Further Actions. The Owner and Owner's successors and assigns agree to execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of this Restriction or any agreement or document relating hereto or entered into in connection herewith.

11.16 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

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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:

To the Town:

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

To the Summit Combined Housing Authority:

Summit Combined Housing Authority
P.O. Box 4760
Frisco, CO 80443

To the Owner:

To be determined pursuant to the Notice of Lien and Memorandum of Acceptance (as shown on Exhibit A) recorded with respect to each transfer of the Property.

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

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

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

11.20 Signatures. Signatures to this Restriction may be in counterparts and by facsimile or scanned emailed document.

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EXHIBIT A

To

**RESIDENTIAL HOUSING RESTRICTIVE COVENANT AND NOTICE OF LIEN
FOR UNIT __, OF _____,
TOWN OF FRISCO,
SUMMIT COUNTY COLORADO**

**NOTICE OF LIEN AND MEMORANDUM OF ACCEPTANCE
OF RESIDENTIAL HOUSING RESTRICTIVE COVENANT AND NOTICE OF LIEN FOR
UNIT __, OF _____,

SUMMIT COUNTY, COLORADO**

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

WHEREAS, the Seller of the Property 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 __, of _____, Town/County, Colorado", recorded on _____, 20__, 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 Property, the Buyer:

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

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

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