

**DECLARATION OF MASTER DEED RESTRICTION
AND AGREEMENT CONCERNING THE SALE, OCCUPANCY AND
RESALE OF PROPERTY IN BLUE CREEK RANCH SUBDIVISION,
GARFIELD COUNTY, COLORADO**

THIS DECLARATION OF MASTER DEED RESTRICTION AND AGREEMENT CONCERNING THE SALE, OCCUPANCY AND RESALE OF PROPERTY IN BLUE CREEK RANCH SUBDIVISION, GARFIELD COUNTY, COLORADO ("Agreement") is made and entered into this 13th day of January, 2004, by Blue Creek Land Holdings, LLC, a Colorado limited liability company (the "Declarant"), for the benefit of the parties and enforceable by the Garfield County Housing Authority ("GCHA"), a duly constituted housing authority established pursuant to Colorado law, and the Board of County Commissioners of Garfield County (the "County").

RECITALS AND DEFINITIONS

WHEREAS, Declarant is the owner of and is in the process of developing and platting a residential community known as Blue Creek Ranch, Garfield County, Colorado; and

WHEREAS, Declarant desires to set aside certain Lots within Blue Creek Ranch, for the purpose of providing affordable housing for residents of Garfield County, Colorado (the "County"), which Lots are described on Exhibit "A" attached hereto and incorporated herein by this reference. For purposes of this Agreement, such real property and all dwellings, appurtenances, improvements and fixtures associated therewith shall hereinafter be collectively referred to as the "Property"; and

WHEREAS, the Declarant has or will enter into one or more business relationships with a general contractor experienced in the construction of residential dwelling units for the purpose of constructing one (1) residential housing unit upon each of the lots comprising the Property, which lots, together with all improvements thereon and appurtenances thereto, shall hereinafter be referred to as "Units"; and

WHEREAS, after completion of construction, each Unit, together with the completed homes and other improvements thereon and appurtenances thereto, shall be conveyed to "Qualified Buyers" as that term is defined in this Agreement; and

WHEREAS, the term "Qualified Buyers", as used herein, are natural persons meeting the income, residency and all other qualifications contained in Section 4.07.11, et. seq. of the Garfield County Zoning Resolution and in the Garfield County Affordable Housing Guidelines of 1999 (collectively, "the Affordable Housing Regulations"), as adopted and in effect at the time of the closing of the sale of the Unit to Qualified Buyers, who must represent and agree pursuant to this Agreement to occupy the Unit as their sole place of residence, not engage in any business activity

597
10011
(20)
Mudra

within the Unit other than that permitted in that zone district or by applicable ordinance, and not sell or otherwise transfer the Unit for use in a trade or business; and

WHEREAS, the term "Owner", as used herein shall mean the person(s) who acquire an ownership interest in a Unit in compliance with the terms and provisions of this Agreement, it being understood that such person(s) shall be deemed an "Owner" hereunder only during the period of his, her or their ownership interest in the Unit and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period. It is expressly understood that the term "Owner" as used in this Agreement does not include the Declarant.

NOW, THEREFORE, for value received, the receipt and sufficiency of which is hereby acknowledged, Declarant hereby declares, covenants, and agrees as follows:

SECTION 1 DECLARATION

1.1 For the purposes set forth herein, Declarant, for itself and its successors and assigns, hereby declares that the Property, and each Unit within the Property, shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, improved, altered and enjoyed subject to the covenants, conditions, restrictions, privileges, rights and other provisions herein set forth, for the duration hereof, and all of which shall run with the land and be binding upon all Owners, occupants and other persons having or acquiring any right, title or interest in or to the Property or any Unit thereof, and their respective heirs, personal representatives, successors and assigns and shall be binding upon and inure to the benefit of the County and GCHA, and their respective successors and assigns. All persons who purchase Units shall be Qualified Buyers, as such term is defined in this Declaration.

1.2 Declarant hereby restricts the acquisition or transfer of the Units to Qualified Buyers, as that term is defined in this Agreement, who fall within the qualifications and income range established and adopted by the GCHA or the County from time to time in its Affordable Housing Regulations. In addition, Declarant agrees that this Agreement shall constitute a resale agreement setting forth the maximum resale price for which the Units may be sold ("Maximum Resale Price"), the amount of appreciation, and the terms and provisions controlling the resale of the Units. Declarant restricts the Property and Units against use and occupancy inconsistent with the terms of this Agreement.

1.3 By the acceptance of any deed conveying any Unit subject hereto, the grantee of such deed shall accept all of the terms, conditions, limitations, restrictions and uses contained in this Agreement. In addition, prior to the delivery of a deed conveying any Unit to a grantee, such grantee shall execute a Memorandum of Acceptance evidencing grantee's acknowledgment and agreement to the terms, conditions, limitations, restrictions, and uses contained in this Agreement.

1.4 Notwithstanding any provision of this Agreement to the contrary, it is expressly agreed and acknowledged that the terms, conditions, and restriction of this Agreement with respect to the use and occupancy of the Property or any Unit thereof shall not apply to Declarant during its ownership thereof prior to the issuance of a Certificate of Occupancy for dwelling units constructed thereon; provided, however that upon issuance of Certificate of Occupancy the Declarant shall be subject to all terms and conditions of this Agreement and provided further that the Declarant shall make no transfer of any Unit except to a Qualified Buyer as defined in this Agreement; and provided further, that Declarant shall not grant any deed of trust, or mortgage upon all or any portion of the Property, or otherwise allow the Property to be encumbered by any matter which could extinguish this Agreement, unless such deed of trust, mortgage, or other encumbrance is subordinate to this Agreement.

1.5 Notwithstanding any provision of this Agreement to the contrary, in order to facilitate provision of affordable housing in Garfield County, it is expressly agreed and acknowledged that the GCHA, or the County as an agent of the GCHA, may acquire and transfer the Unit(s) to Qualified Buyer(s) as that term is defined herein or rent the Unit(s) to qualified tenants who meet the income, occupancy and all other qualifications established by the GCHA or the County in its Affordable Housing Regulations until a sale to a Qualified Buyer is effected.

SECTION 2 USE AND OCCUPANCY OF PROPERTY

2.1 Except as otherwise provided herein, the use and occupancy of any Unit shall henceforth be limited exclusively to housing for natural persons who meet the definition of Qualified Buyer(s) and their families.

2.2 An Owner, in connection with the purchase of a Unit, must: (a) occupy the Unit within this Property as his or her sole place of residence during the time that such Unit is owned; (b) not engage in any business activity on or in such Unit, other than as permitted in that zone district or by applicable ordinance; (c) sell, convey, or otherwise transfer such Unit only in accordance with this Agreement and the Affordable Housing Regulations.

2.3 It shall be a breach of this Agreement for an Owner who defaults in payments or other obligations due or to be performed under a promissory note secured by a first lien deed of trust or mortgage encumbering a Unit to fail to notify the GCHA, in writing, of any notification received from a lender, or its assigns, of past due payments or default in payment or other obligations due or to be performed under a promissory note secured by a first lien deed of trust or mortgage, as described herein, within five (5) calendar days of Owner's notification from lender, or its assigns, of said default or past due payments.

2.4 Upon receipt of notice as provided in subsection 2.3, GCHA shall have the right, in its sole discretion, and with the agreement of the Owner, to cure the default or any portion thereof. In such event, the Owner shall be personally liable to GCHA for past due payments made by the GCHA together with default interest thereon at the rate specified in the existing promissory note(s)



644479 01/13/2004 10:15A B1554 P4 M ALSDORF
4 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

secured by the first lien deed of trust or mortgage, and all actual expenses of the GCHA incurred in curing the default. The Owner shall be required by GCHA to execute a promissory note secured by a deed of trust encumbering the Unit in favor of the GCHA for the amounts expended by the GCHA as specified herein, including future advances made for such purposes. The Owner may cure the default and satisfy its obligation to the GCHA under this subsection at any time prior to execution of a contract for sale, upon such reasonable terms as specified by the GCHA and, if applicable, any such satisfaction shall comply with Fannie Mae's community seconds program requirements. Otherwise, an Owner's indebtedness to the GCHA shall be satisfied from the Owner's proceeds at closing.

SECTION 3 SALE OF UNIT; MAXIMUM RESALE PRICE

3.1 In the event that an Owner desires to sell his Unit the Owner shall consult with GCHA, or its agent, to review the requirements of this Agreement, including the method for determining the Maximum Resale Price. Following approval of the Maximum Resale Price by GCHA, the Owner shall list such unit for sale with the Garfield County Housing Authority, or as otherwise provided in Garfield County Affordable Housing Regulations or Guidelines then in effect, for a sales price not exceeding the Maximum Resale Price. If Fannie Mae or similar financing (as solely determined by GCHA) is used, there may be a fee charged by GCHA based on the amount financed. The amount of such fee is to be paid by the borrower and shall be set forth in the current Affordable Housing Regulations and will be distributed to the GCHA Mortgage Fund Account.

3.2 In no event shall a Unit be sold for an amount in excess of the Maximum Resale Price as determined in accordance with this paragraph. The Maximum Resale Price shall equal the purchase price for the Unit paid by the Owner selling the Unit plus the cost of Permitted Capital Improvements as defined on Exhibit B attached hereto and incorporated herein by this reference (and as limited in paragraph 3.3 hereof) divided by the Consumer Price Index, All Items, Denver/Boulder, Urban Wage Earners and Clerical Workers (Revised), published by the U.S. Department of Labor, Bureau of Labor Statistics ("Consumer Price Index") published at the time of Owner's purchase as stated on the settlement sheet, multiplied by the Consumer Price Index current at the date of intent to sell. In no event shall the multiplier be less than one (1). For the purposes of this subsection, "date of intent to sell" shall be the date of execution of a listing contract, or if a listing contract is not used, the date shall be the date when the Unit is first offered for sale. In no event shall the Maximum Resale Price be less than the Owner's purchase price, plus Permitted Capital Improvements, plus an increase of three percent (3%) of such price per year from the date of purchase to the date of Owner's notice of intent to sell.

NOTHING HEREIN SHALL BE CONSTRUED TO CONSTITUTE A REPRESENTATION OR GUARANTEE BY THE DECLARANT, GCHA OR GARFIELD COUNTY THAT UPON RESALE THE OWNER SHALL OBTAIN THE MAXIMUM RESALE PRICE.

3.3 In order to qualify as Permitted Capital Improvements, the Owner must furnish to the GCHA the following information with respect to the improvements which the Owner seeks to include in the calculation of Maximum Resale Price:

- a Original or duplicate receipts to verify the actual costs expended by the Owner for the Permitted Capital Improvements; and
- b Owner's affidavit verifying that the receipts tendered are valid and correct; and
- c True and correct copies of any building permit or certificate of occupancy required to be issued by the County with respect to the Permitted Capital Improvements.

Notwithstanding anything else contained herein, the total cost of Permitted Capital Improvements shall not exceed ten percent (10%) of the initial sales price of that particular unit.

3.4 For the purpose of determining the Maximum Resale Price in accordance with this Section, the Owner may also add to the amounts specified in subsections 3.2, the cost of any permanent improvements constructed or installed as a result of any requirement imposed by any governmental agency, provided that written certification is provided to the GCHA of both the applicable requirement and the information required by subsection 3.3.

3.5 In calculating the costs under subsection 3.2 and 3.3 only the Owner's actual out-of-pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to Owner's "sweat equity" or to any appreciation in the value of the improvements.

3.6 An Owner shall not permit any prospective buyer to assume any or all of the Owner's customary closing costs nor accept any other consideration which would cause an increase in the purchase price above the bid price so as to induce the Owner to sell to such prospective buyer.

3.7 Prior to Owner entering into a sales contract for the sale of his Unit to a prospective buyer, such potential buyer shall be qualified by GCHA pursuant to the requirements of the Affordable Housing Regulations then in effect. Documented proof of qualification shall be provided by the potential buyer, as requested by GCHA, prior to purchase. An Owner shall neither enter into a sales contract for the sale of his Unit with any person other than a Qualified Buyer nor any contract which provides for a sales price greater than the Maximum Resale Price established in accordance with this Section. The Owner may reject any and all offers; provided, however, offers in excess of the Maximum Resale Price shall be rejected. Prior to closing, all sales contracts for the sale of a Unit subject to this Agreement shall be submitted to the GCHA for its review and approval of the contract for consistency with this Agreement.

3.8 In the event that title to a Unit vests in individuals or entities who are not Qualified Buyers as that term is defined herein, (hereinafter referred to as "Non-Qualified Transferee(s)"), and such individuals are not approved as Qualified Buyers within thirty (30) days after obtaining title to

the Unit, in the manner described in this Section, the Unit shall immediately be listed for sale or advertised for sale by the Non-Qualified Transferee(s) in the same manner as provided for Owners in subsection 3.1 above; provided such action does not otherwise conflict with applicable law. The highest bid by a Qualified Buyer, for not less than ninety-five percent (95%) of the Maximum Resale Price or the appraised market value, whichever is less, which satisfies all obligations under any existing first lien deed of trust or mortgage, shall be accepted. If all such bids are below the lesser of ninety-five percent (95%) of the Maximum Resale Price or the appraised market value, the Unit shall continue to be listed for sale or advertised for sale by the Non-Qualified Transferee(s) until a bid in accordance with this subsection is made, which bid must be accepted. The cost of any appraisal shall be paid by the Non-Qualified Transferee(s). In the event the Non-Qualified Transferee(s) elect to sell the Unit without the assistance of a real estate broker or agent, such Non-Qualified Transferee(s) shall advertise the subject Unit for sale in a manner approved by GCHA and shall use due diligence and make all reasonable efforts to accomplish the sale of the Unit. In the event GCHA finds and determines that such Non-Qualified Transferee(s) have failed to exercise such due diligence, GCHA may require the Non-Qualified Transferee(s) to execute a standard listing contract on forms approved by the Colorado Real Estate Commission, or its successor, with a licensed real estate broker or agent.

a Non-Qualified Transferee(s) shall join in any sale, conveyance or transfer of the Unit to Qualified Buyer(s) and shall execute any and all documents necessary to effect such conveyance.

b Non-Qualified Transferee(s) shall not: (1) occupy the Unit; (2) rent all or any part of the Unit, except in strict compliance with Section 5 hereof; (3) engage in any other business activity on or in the Unit; (4) sell, convey or otherwise transfer the Unit except in accordance with this Agreement and the Affordable Housing Regulations; or (5) sell or otherwise transfer the Unit for use in a trade or business.

c Where the provisions of this subsection 3.8 apply, the GCHA may require the Non-Qualified Transferee(s) to rent the Unit in the same manner as provided for Owners in Section 5, below.

d Until sale to a Qualified Buyer is effected, Non-Qualified Transferee(s) shall comply with all obligations of Owners set forth in this Agreement.

SECTION 4 OWNER RESIDENCY REQUIRED

4.1 Each Unit shall be utilized only as the sole and exclusive place of residence of an Owner.

4.2 In the event an Owner ceases to utilize a Unit as his sole and exclusive place of residence, the Unit shall be offered for sale pursuant to the provisions of subsection 3.8 of this Agreement. The Owner shall be deemed to have ceased utilizing the Unit as his sole and exclusive

place of residence by becoming a resident elsewhere or by residing on the Unit for fewer than nine (9) months per calendar year without the express written approval of the GCHA. Where the provisions of this subsection 4.2 apply, the GCHA may require the Owner to rent the Unit in accordance with the provisions of Section 5, below.

4.3 If an Owner of a Unit must leave Garfield County for a limited period of time, and desires to rent the Unit during such absence, a leave of absence may be granted by the GCHA for up to one (1) year upon clear and convincing evidence demonstrating a bona fide reason for leaving and a commitment to return to Garfield County. A letter must be sent to the GCHA at least thirty (30) days prior to leaving, requesting permission to rent the Unit during the leave of absence. Notice of such intent, and the ability to comment, shall be provided to any applicable homeowners' association at the time of request to the GCHA. The leave of absence shall be for one (1) year and may, at the discretion of the GCHA be extended for an additional one (1) year; but in no event shall the leave exceed two (2) years. The Unit may be rented during the one (1) or two (2) year period in accordance with Section 5, below.

SECTION 5 RENTAL OF UNIT

5.1 An Owner may not, except with prior written approval of the GCHA, and subject to GCHA's conditions of approval, rent the Unit. Prior to occupancy, any tenant must be approved by the GCHA in accordance with the income, occupancy and all other qualifications established by the GCHA in the Affordable Housing Regulations. The GCHA shall not approve any rental if such rental is being made by Owner to utilize the Unit as an income producing asset, except as provided below, and shall not approve a lease with a rental term in excess of twelve (12) months. A signed copy of the lease must be provided to the GCHA prior to occupancy by any tenant. The rental amount under any such lease approved by the GCHA shall be "Owner's cost". "Owner's cost" as used herein, includes the monthly expenses for the cost of principal and interest payments, taxes, property insurance, homeowner's assessments, utilities remaining in Owner's name, plus an additional twenty dollars (\$20) per month and a reasonable (refundable) security deposit. The requirements of this subsection shall not preclude the Owner from sharing occupancy of a Unit with non-owners on a rental basis provided Owner continues to meet the obligations contained in this Agreement, including Section 4.

5.2 NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE GCHA TO PROTECT OR INDEMNIFY THE OWNER AGAINST ANY LOSSES ATTRIBUTABLE TO THE RENTAL, INCLUDING (NOT BY WAY OF LIMITATION) NON-PAYMENT OF RENT OR DAMAGE TO THE PREMISES; NOR TO REQUIRE THE GCHA TO OBTAIN A QUALIFIED TENANT FOR THE OWNER IN THE EVENT THAT NONE IS FOUND BY THE OWNER.

SECTION 6
BREACH OF AGREEMENT; OPPORTUNITY TO CURE

6.1 In the event that GCHA has reasonable cause to believe the Owner is violating the provisions of this Agreement, the GCHA, by its authorized representative, may inspect a Unit between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Owner with no less than 24 hours written notice.

6.2 The GCHA, in the event a violation of this Agreement is discovered, may send a notice of violation to the Owner detailing the nature of the violation and allowing the Owner fifteen (15) days to cure. Said notice shall state that the Owner may request a hearing before GCHA within fifteen (15) days to determine the merits of the allegations. If no hearing is requested and the violation is not cured within the fifteen (15) day period, the Owner shall be considered in violation of this Agreement. If a hearing is held before the GCHA it shall be conducted in accordance with the hearing procedures set out in Section 7, below, and the decision of the GCHA based on the record of such hearing shall be final for the purpose of determining if a violation has occurred.

6.3 The failure of the GCHA to insist upon the strict and prompt performance of any of the terms, conditions and restrictions of this Agreement shall not constitute or be construed as a waiver or relinquishment of the GCHA's right or rights thereafter to enforce any term, condition or restriction and the same shall continue in full force and effect.

SECTION 7
GRIEVANCE PROCEDURES

7.1 A grievance is any dispute that a tenant or Owner may have with the GCHA with respect to action or failure to act in accordance with the individual tenant's or Owner's rights, duties, welfare, or status. A grievance may be presented to the GCHA Board of Directors (hereinafter referred to as Board under the following procedures).

7.2 Filing a Grievance.

a Any grievance must be presented in writing to the GCHA. It may be simply stated, but shall specify the particular ground(s) upon which it is based; the action requested; and the name, address, and telephone number of the complainant, and similar information about his/her representative, if any.

b Upon presentation of a written grievance, a hearing before the GCHA Board of Directors shall be scheduled for the next scheduled Board meeting. The matter may be continued at the discretion of the Board. The complainant shall be afforded a fair hearing providing the basic safeguard of due process, including notice and an opportunity to be heard in a timely, reasonable manner.

c The complainant and the GCHA shall have the opportunity before the hearing, and at the expense of the complainant, to examine and to copy all documents, records, and regulations of the GCHA that are relevant to the hearing. Any document not made available after written request may not be relied upon at the hearing.

d The complainant may be represented by counsel at their own expense.

7.3 Conduct of the Hearing.

a If the complainant fails to appear at the scheduled hearing, the Board may make a determination to postpone the hearing or make a determination based upon the written documentation and the evidence submitted.

b The hearing shall be conducted by the Board as follows: oral or documentary evidence may be received without strict compliance with the rules of evidence applicable to judicial proceedings.

c The right to cross-examine shall be at the discretion of the Board and may be regulated by the Board as it deems necessary for a fair hearing.

d Based on the records of proceedings, the Board will provide a written decision and include therein the reasons for its determination. The decision of the Board shall be binding on the GCHA which shall take all actions necessary to carry out the decision.

SECTION 8 REMEDIES

8.1 This Agreement shall constitute covenants running with the real property, described in Exhibit "A", as a burden thereon, for the benefit of, and shall be specifically enforceable by the GCHA, Garfield County, and their respective successors and assigns, as applicable, by any appropriate legal action including but not limited to specific performance, injunction, reversion, or eviction of non-complying Owners and/or occupants.

8.2 In the event the parties resort to litigation with respect to any or all provisions of this Agreement, the prevailing party shall be entitled to recover damages and costs, including reasonable attorney's fees.

8.3 In the event of any sale, transfer or conveyance of the Property or any Unit thereof in violation of this Agreement, such sale, transfer or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported transferee(s). Each and every conveyance of the Property or Unit, for all purposes, shall be deemed to include and incorporate by this reference the covenants, conditions, limitations, and restrictions herein contained, even without reference therein to this Agreement.

644479 01/13/2004 10:15A B1554 P10 M ALSDORF
10 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

8.4 In the event that the Owner or occupant fails to cure any breach, the GCHA may resort to any and all available legal action, including, but not limited to, specific performance of this Agreement or a mandatory injunction requiring sale of the Unit by Owner as specified in subsection 3.8. The costs of such sale shall be taxed against the proceeds of the sale with the balance being paid to the Owner.

8.5 In the event of a breach of any of the terms or conditions contained herein by the Owner, his heirs, successors or assigns, the Owner's purchase price of the Unit as referred to in Section 3 of this Agreement shall, upon the date of such breach as determined by GCHA, automatically cease to increase as set out in Section 3 of this Agreement, and shall remain fixed until the date of cure of said breach.

SECTION 9 FORECLOSURE

9.1 Except as may otherwise be specifically provided in a written, recorded Option to Purchase between a lender, GCHA and a borrower, the form of which is attached hereto and incorporated herein by this reference as Exhibit "C", any purchaser acquiring any rights in the Property or a Unit by virtue of foreclosure of a lien shall be deemed to be a Non-Qualified Transferee subject to the provisions of Section 3.8 of this Agreement. In the event of a foreclosure, nothing herein shall be construed to create a release or waiver of the covenants, conditions, limitations and restrictions contained in this Agreement except upon the terms and conditions specified in that certain Option to Purchase, as referenced above. The Declarant expressly consents and agrees to the terms of that certain Option to Purchase; including, without limitation, the release provisions of paragraph d. The covenants, conditions, limitations and restrictions contained in this Agreement shall otherwise survive any foreclosure proceeding.

9.2 In the event that GCHA or any agent of GCHA, exercises the option pursuant to the terms of that certain Option to Purchase, as referenced above, the GCHA and/or its agent, may sell the Unit (s) to Qualified Buyers as that term is defined herein, or rent the Unit(s) to qualified tenants who meet the income, occupancy and all other qualifications established by the GCHA in its Affordable Housing Regulations until sale to a Qualified Buyer is effected.

SECTION 10 GENERAL PROVISIONS

10.1 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 any address provided herein or to any subsequent mailing address of the party as long as prior written notice of the change of address has been given to the other parties to this Agreement. Said notices, consents and approvals shall be sent to the parties hereto at the following addresses unless otherwise notified in writing:

644479 01/13/2004 10:15A B1554 P11 M ALSDORF
11 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

To Declarant: Blue Creek Land Holdings, LLC
3220 County Road 100
Carbondale, CO 81623

To GCHA: Garfield County Housing Authority
Attn: Garfield County Affordable Housing Corporation
2128 Railroad Avenue
Rifle, CO 81650

To County: Garfield County Commissioners
109 8th Street, Suite 300
Glenwood Springs, CO 81601

To Owner: [To be set forth in a subsequent recorded Memorandum
of Acceptance for each individual Unit]

10.2 Severability. Whenever possible, each provision of this Agreement and any other related document shall be interpreted in such a manner as to be valid under applicable law, but if any provisions 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 this Agreement or other related document.

10.3 Choice of Law. This Agreement and each and every related document is to be governed and construed in accordance with the laws of the State of Colorado.

10.4 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.

10.5 Section Headings. Paragraph or section headings within this Agreement 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.

10.6 Perpetuities Savings Clause. If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options set forth in this Agreement shall be unlawful or void for violation of: (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the period of the lives of the current duly elected and seated Board of County Commissioners for Garfield County, Colorado, their now living descendants, if any, and the survivor of them, plus twenty-one (21) years.

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



644479 01/13/2004 10:15A B1554 P12 M ALSDORF
12 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

executed by the parties to this Agreement. However, the party for whose benefit a condition is inserted herein shall have the unilateral right to waive such condition.

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 Action. The parties to this Agreement, including any Owner, 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 Agreement or any agreement or document relating hereto or entered into in connection herewith.

10.11 Modifications. The parties to this Agreement agree that any modifications of this Agreement shall be effective only when made by writings signed by the parties, approved by the County, and recorded with the Clerk and Recorder of Garfield County, Colorado. Notwithstanding the foregoing, the GCHA reserves the right to amend this Agreement unilaterally when deemed necessary to effectuate the purpose and intent of this Agreement, when such unilateral action does not materially impair an Owner or lender's rights under this Agreement, and when such amendment has been approved by the County.

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


DECLARANT:

BLUE CREEK LAND HOLDINGS, LLC,
a Colorado limited liability company

By: Lane Investment Limited Partnership,
an Illinois limited partnership, its sole Member

By: Lane Industries, Inc.,
a Delaware corporation, General Partner

By:

 CHARVEN BROOKE

Its:

AUTHORIZED AGENT

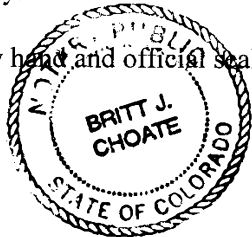


644479 01/13/2004 10:15A B1554 P13 M ALSDORF
13 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

STATE OF COLORADO)
) ss
COUNTY OF GARFIELD)

The foregoing instrument was acknowledged before me this 10th day of January, 2004, by Gavin Brooke as Authorized Agent for Lane Industries, Inc., a Delaware corporation, General Partner of Lane Investment Limited Partnership, an Illinois limited partnership, Manager of Blue Creek Land Holdings, LLC, a Colorado limited liability company.

Witness my hand and official seal.



Britt J. Choate
Notary Public

My commission expires:

818 Colorado Avenue
Glenwood Springs, CO 81601
My Commission Expires June 13, 2005



644479 01/13/2004 10:15A B1554 P14 M ALSDORF
14 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

ACCEPTANCE BY THE GARFIELD COUNTY HOUSING AUTHORITY
AND THE BOARD OF COUNTY COMMISSIONERS OF GARFIELD COUNTY

The foregoing Declaration of Master Deed Restriction and Agreement Concerning the Sale, Occupancy and Resale of Property in Blue Creek Ranch Subdivision, Garfield County, Colorado and its terms are hereby adopted and declared by the Garfield County Housing Authority and the Board of County Commissioners of Garfield County.

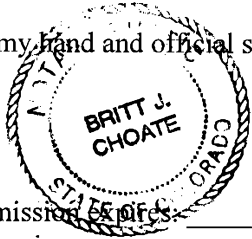
GARFIELD COUNTY HOUSING AUTHORITY

By: Geneva D Powell
Title: Executive Director

STATE OF COLORADO)
) ss
COUNTY OF GARFIELD)

The above and foregoing document was acknowledged before me this 7th day of January, 2004, by Geneva D Powell as Executive Director.

Witness my hand and official seal.



Britt J Choate
Notary Public

My commission expires: 6/13/2005
My address is: 818 Colorado Avenue
Glenwood Springs, CO 81601
My Commission Expires June 13, 2005

BOARD OF COUNTY COMMISSIONERS OF
GARFIELD COUNTY

By: [Signature]
John Martin, Chairman

Attest:

Mildred Als Dorf
Mildred Als Dorf, Clerk of the Board





644479 01/13/2004 10:15A B1554 P15 M ALSDORF
15 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

EXHIBIT "A"

Legal Description

Lots 40, 42, 44, 47 and 48,
Blue Creek Ranch, according to the Final Plat thereof recorded on
March 25, 2003 as Reception No. 623535.

County of Garfield
State of Colorado

EXHIBIT "B"

Permitted Capital Improvements

1. The term "Permitted Capital Improvements" as used in the Agreement shall only include the following:

- a. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacements and/or maintenance improvements;
- b. Improvements for energy and water conservation;
- c. Improvements for the benefit of seniors and/or handicapped persons;
- d. Improvements for health and safety protection devices;
- e. Improvements to add and/or finish permanent/finished storage space;
- f. Improvements to finish unfinished space;
- g. Garages;
- h. The cost of adding decks and any extension thereto.
- i. Landscaping;
- j. Jacuzzis, spas, saunas, steam showers and other similar items;

2. Permitted Capital Improvements as used in this Agreement shall **NOT** include the following:

- a. Upgrades/replacements of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of the unit;
- b. Improvements required to repair, replace and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, carpeting and other similar items;
- c. Upgrades or addition of decorative items, including lights, window coverings, floor coverings and other similar items.

3. All Permitted Capital Improvement items and costs shall be approved by the GCHA prior to being added to the Maximum Resale Price as defined herein.

644479 01/13/2004 10:15A B1554 P17 M ALSDORF
17 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

EXHIBIT "C"

OPTION TO PURCHASE

In the event of a foreclosure by the holder (including here and hereinafter assigns of the holder) of the promissory note secured by a first lien deed of trust or mortgage on the property described as * , also known as * (hereinafter the "Property"), and subject to the issuance of a public trustee's, sheriff's, or other foreclosure deed to the holder following the expiration of all statutory redemption rights, the Garfield County Housing Authority (the "GCHA"), and the Board of County Commissioners of Garfield County, Colorado (the "County") shall have the option to purchase the Property which shall be exercised in the following manner:

- a. **Notice.** The holder shall give such notice to the GCHA and the County as is required under Colorado law in the foreclosure proceeding. Said notice shall be sent by certified mail, return receipt requested, and addressed, as set forth below, or to such other address as may be directed in writing by GCHA or the County:

Garfield County Housing Authority
2128 Railroad Avenue
Rifle, CO 81650

Board of County Commissioners of Garfield County
ATTN: County Manager
108 8th Street, Suite 300
Glenwood Springs, CO 81601

- b. **Option to Purchase.** The County and the GCHA, as the agent of the County, shall have 30 days after issuance of the public trustee's, sheriff's or other foreclosure deed in which to exercise this option to purchase by tendering to the grantee of the public trustee's, sheriff's or other foreclosure deed (the "Foreclosure Deed Grantee"), 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 Foreclosure Deed Grantee during the option period which are directly related to the foreclosure; provided, that exercise of the option by one optionee shall terminate the right of the other to exercise the option.

- c. **Title.** Upon receipt of the option price, the Foreclosure Deed Grantee shall deliver to either the GCHA or the County, as designated by the County, a special warranty deed, conveying the Property to either the GCHA, or the County, as designated. The Foreclosure Deed Grantee shall convey only such title as it received through the public trustee's, sheriff's or other foreclosure 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, sheriff's or other foreclosure

644479 01/13/2004 10:15A B1554 P18 M ALSDORF
18 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

deed to the holder. The Foreclosure Deed Grantee shall not be liable for any of the costs of conveyance to the GCHA or its agent.

d. **Release.** In the event that the Foreclosure Deed Grantee is issued a public trustee's, sheriff's or other foreclosure deed and neither the GCHA nor the County exercise the option to purchase, as provided herein, the GCHA and the County shall cause to be recorded in the records of the Clerk and Recorder of Garfield County a full and complete release of the Property from the Declaration of Master Deed Restriction and Agreement affecting the Property which appear in said records in Book _____ at Page _____. Such release shall be placed of record within 14 days after expiration of the option and a certified copy of the release shall be mailed to the Foreclosure Deed Grantee 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 purchase shall be unlawful or void for violation of: (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the period of the lives of the current duly elected and seated Board of County Commissioners for Garfield County, Colorado, their now living descendants, if any, and the survivor 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 purchase shall be effective only when made by a writing signed by the parties and recorded with the Clerk and Recorder of Garfield County, Colorado; provided, however, no modification affecting the rights of the County shall be effective without the prior written consent of the County.



644479 01/13/2004 10:15A B1554 P19 M ALSDORF
19 of 20 R 101.00 D 0.00 GARFIELD COUNTY CO

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year written below.

HOLDER OF FIRST DEED OF TRUST/MORTGAGE: _____

BY: _____
(Authorized Officer) (Date)

TITLE: _____

MAILING ADDRESS: _____

STATE OF COLORADO)
) ss
COUNTY OF GARFIELD)

The above and foregoing document was acknowledged before me this _____ day of _____, 2004, by _____.

Witness my hand and official

Notary Public

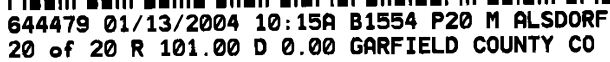
My commission expires: _____.

My address is: _____

THE GARFIELD COUNTY HOUSING AUTHORITY:

BY: _____
(Authorized Officer) (Date)

TITLE: _____



-20-