

**MASTER DEED RESTRICTION AGREEMENT
FOR THE OCCUPANCY AND RESALE
OF ULLR COMMONS CONDOMINIUMS**

THIS MASTER DEED RESTRICTION AGREEMENT FOR THE OCCUPANCY AND RESALE OF ULLR COMMONS CONDOMINIUMS (the "Agreement") is made and entered into this 26th day of July, 2000, by Ullr Commons Development Corporation (hereinafter referred to as "Declarant"), for the benefit of the parties and enforceable by the ULLR COMMONS CONDOMINIUM ASSOCIATION, INC. ("UCCA"), a Colorado nonprofit corporation (as to those aspects dealing with restrictions on the resale price of Units within the Project, as hereinafter defined), and the ASPEN/PITKIN COUNTY HOUSING AUTHORITY (hereinafter referred to as "APCHA"), a duly constituted multi-jurisdictional Housing Authority established pursuant to the SECOND AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT by and between the City of Aspen, Colorado (the "City") and Pitkin County, Colorado (the "County"), recorded July 25, 2000 as Reception No. 445444 in the records of the Pitkin County Clerk and Recorder's Office (as to those aspects dealing with restrictions on the rental and occupancy of Units within the Project, as hereinafter defined).

RECITALS

- A. Declarant owns the real property described as Ullr Commons Condominiums, Units 1 through 27 (but excluding Unit 23), which shall be described herein as the Project. For purposes of this Agreement, each condominium unit within the Project and all appurtenances, improvements and fixtures located thereon shall hereinafter be referred to as the "Property." (Unit 23 is designated in the Condominium Declaration for Ullr Commons Condominiums as the "Free Market Unit," and is not subject to the terms and conditions set forth in this Deed Restriction.)
- B. Declarant is a Colorado nonprofit corporation involved in the creation of affordable housing in the Roaring Fork Valley. Declarant has established a group of individuals and business entities (the "Employer Ownership Group") for the purpose of sponsoring the conversion of the Ullr Lodge, a private lodge which provides short-term accommodations to tourists and others visiting Aspen, to an affordable housing complex. One of the primary reasons for the conversion is to provide housing to the employees of the individual members of the Ownership Group and its successors, according to the terms and conditions set forth in this Master Deed Restriction.
- C. As a condition of the approval granted by the Aspen City Council for conversion of the Project from a lodge to an affordable housing complex (plus one free market unit), the Declarant has been required to enter into this Agreement.

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

1. Possession. Possession of all Units within the Project is restricted to "Qualified Tenants,"

as that term is defined herein. No Unit may be used or occupied except as provided in this Deed Restriction.

2. Definitions.

2.01 "Association" shall mean the Ullr Commons Condominium Association, Inc., a Colorado nonprofit corporation.

2.02 "Qualified Tenants" are natural persons working in Pitkin County no less than 35 hours per week who do not own developed residential real property in the Roaring Fork River drainage and who meet the income qualifications set forth in the Aspen/Pitkin County Housing Authority Affordable Housing Guidelines (hereinafter "the Affordable Housing Guidelines"), or its substitute, as adopted by the APCA, or its successor, and in effect at the time the Qualified Tenant takes possession of the Property, as follows:

2.02.01 For Lodge Units, the maximum income allowed to qualify in Category 3 with no dependents (currently \$67,750);

2.02.02 For Studio Units, the maximum income allowed to qualify in Category 3 with one dependent (currently \$73,250);

2.02.03 For One-Bedroom Units, the maximum income allowed to qualify in Category 3 with two dependents (currently \$80,750);

2.02.04 For Two-Bedroom Units, the maximum income allowed to qualify in Category 4 with no dependents (currently \$108,000).

Qualified Tenants must represent and agree not to engage in any business activity on the Property, other than that permitted in the zone district or by applicable ordinance. In the first priority for leasing, an Owner may only lease a Unit to Qualified Tenants who are employed by the Owner or by a business entity owned or substantially controlled by the Owner. If no such person is reasonably available, any other person meeting the definition of Qualified Tenant, as defined in the first part of this Section 2.02, may lease a Unit. Music students involved in the Aspen Music Festival and School and professors or students of the Aspen Institute for Physics and similar Aspen-area programs may lease Units on a "short-term basis" without having to qualify under the Affordable Housing Guidelines. In the case of employees of non-Owner Aspen-area employers, the minimum lease term shall be two (2) months. For all other Qualified Tenants leasing on a short-term basis, the minimum lease term shall be one (1) month. In the event Owner has been unable to find a tenant for a Unit under the preceding provisions of this section, APCA shall have the right to select a tenant for the Property, subject to its policies and procedures, which tenant

shall enter into a Lease for the Property according to terms substantially similar to those offered by the Owner to other Qualified Tenants. The lease term offered to any prospective tenant selected by APCHA shall not exceed six (6) months, but may be as short as one (1) month, at the discretion of the Owner. Notwithstanding any other provision of this Deed Restriction, at each point in time at least 50% of the leases for Units in the Project shall have a term of 12 months or longer. The Association shall be responsible for administering and enforcing the requirements of the immediately preceding sentence.

2.03 An "Owner" may be any person or persons who acquires an ownership interest in the Property in compliance with the terms and provisions of this Agreement and who shall lease its Unit(s) in accord with this Agreement. An Owner is any person whose primary purpose in acquiring an interest in a Unit is to provide housing for one or more employees of the Owner or of a business located within Pitkin County which is owned or substantially controlled by the Owner. Any 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. It shall be an event of default for any person other than an Owner to hold any ownership interest in a Unit. The Project's condominium association may also be an Owner under this Agreement, subject to the Right of First Refusal set forth in the condominium declaration. ("Owner" shall also refer to APCHA during any period during which it owns any Unit or any part of the common elements for the Project.)

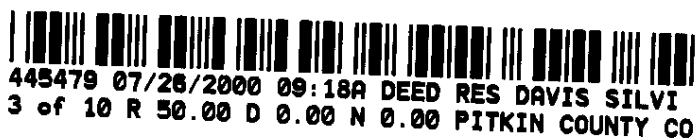
2.04 A "Unit" is any of the condominium units which comprise the Project.

3. The use and occupancy of the Property shall henceforth be limited exclusively to housing for natural persons who meet the definition of Qualified Tenants and their families. The amount of rent shall be established through application of APCHA's rental guidelines, but in no event shall the monthly rent charged to any Qualified Tenant exceed 40% of the Qualified Tenant's average monthly household income.

4. All persons in possession of a Unit must: a) not have a right to occupy any other dwelling unit within Pitkin County as his or her personal residence; b) not engage in any business activity on or in any Unit, other than permitted in that zone district or by applicable ordinance; c) sub-let or assign its possessory interest in such Unit only in accordance with this Agreement; d) not permit any use or occupancy of such Unit except in compliance with this Agreement; and e) continue to be employed as required by this Agreement.

5. Eligibility for Initial and Continuing Tenancy:

5.01 Each Owner shall have the unrestricted right to select any Qualified Tenant, subject



to existing possessory rights of others in the affected Unit.

- 5.02 Each actual or prospective tenant shall provide all documentation reasonably required by the Owner, the Association or APCHA to determine that the tenant is a Qualified Tenant, as defined above. Each such tenant shall provide the required information prior to taking possession of any Unit, within 90 days of the tenant's two-year anniversary of taking possession of a Unit and each succeeding two-year anniversary, and as reasonably requested by the Owner, the Association or APCHA.
 - 5.03 Notwithstanding any provision contained in any lease, a Qualified Tenant's right to possession of his or her Unit shall end upon the termination of the Qualified Tenant's employment with the Owner, subject to the notice requirements set forth in Section 5.3, immediately below. For any Qualified Tenant who is a party to a lease and who worked for an employer other than the Owner at the inception of the lease, termination of employment shall not cause a termination of the right to possession.
 - 5.04 In the event that a tenant's right to possession is ended due to the termination of the tenant's employment as provided in Section 5.2 immediately above or as otherwise required by this Deed Restriction, the Owner shall provide notice of such termination to the tenant as follows: (1) If termination of employment occurs at the election of the employee, the Owner shall provide the tenant no less than 15 days notice to vacate the premises; (2) If termination of employment occurs, with or without cause, at the election of the employer, the Owner shall provide the tenant no less than 30 days notice to vacate the premises and may, but shall not be obligated to, require that an additional security deposit of no more than one month's rent be paid to the Owner within five days of the date of the notice.
 - 5.05 Notwithstanding any other provision of this Deed Restriction dealing with a tenant's right to possession of a Unit, the terms of a Qualified Tenant's employment with an Owner shall supercede the terms of this Deed Restriction during any probationary employment period not to exceed the first 90 days of the Qualified Tenant's employment.
6. All disputes between the Owner and the administrative staff of the APCHA shall be heard in accordance with the grievance procedures set forth in the Affordable Housing Guidelines.
 7. All leases between Owners and Qualified Tenants shall be in a standard form established from time to time by the Association. All leases for any Unit shall have a primary term of no less than one month.
 8. NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE APCHA 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 APCHA TO OBTAIN A QUALIFIED TENANT FOR THE OWNER IN THE EVENT THAT NONE IS FOUND BY THE OWNER. In no event shall the Owner or any tenant create more dwelling units, as defined in the City of Aspen Land Use Code, than is permitted for each unit as established by the land use approval granted by the City of Aspen for conversion of the Ullr Lodge to an affordable housing project.

9. In the event that APCHA has reasonable cause to believe the Owner is violating the provisions of this Agreement, the APCHA, by its authorized representative, may inspect the Property or Unit between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Owner and the Qualified Tenant renting the Property with no less than 24 hours' written notice.
10. The APCHA, in the event a violation of this Agreement is discovered, shall 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 the APCHA Board of Directors 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 APCHA, the decision of the APCHA based on the record of such hearing shall be final for the purpose of determining if a violation has occurred.
11. There is hereby reserved to the parties hereto any and all remedies provided by law for breach of this Agreement or any of its terms. 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 attorneys' fees.
12. In the event the Property or Unit is leased or rented without compliance herewith, such lease or rental shall be wholly null and void and shall confer no right to possession whatsoever upon the purported tenant. Each and every rental of the Property or Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants herein contained, even without reference therein to this Agreement.
13. In the event that the Owner fails to cure any breach, the APCHA may resort to any and all available legal action, including, but not limited to, specific performance of this Agreement
14. Limitations on Resale of Property
 - 14.01 No Unit may be sold for more than the Maximum Resale Price established pursuant to this Section 14.
 - 14.02 Maximum Resale Price. In no event shall a Unit be resold (after the initial sale from the Declarant) for an amount ("Maximum Resale Price") in excess of the lesser of:

- 14.02.01 the Owner's purchase price, 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 (prorated at the rate of .25 percent for each whole month for any part of a year); or
- 14.02.02 an amount (based upon the Consumer Price Index, All Items, U.S. City Average, Urban Wage Earners and Clerical Workers (Revised), published by the U.S. Department of Labor, Bureau of Labor Statistics) calculated as follows: the Owner's purchase price divided by the Consumer Price Index published at the time of Owner's purchase stated on the Settlement Statement, 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 purposes of this Agreement, "date of intent to sell" shall be the date of execution of a listing contract when required by this agreement, or if a listing contract is not otherwise necessary, the date shall be determined to be the date upon which a requirement for the Owner to sell is first applicable.
- 14.03 Determining Maximum Resale Price: For the purpose of determining the Maximum Resale Price, the Owner may add to the amount specified above, the cost of Permitted Capital Improvements. Permitted Capital Improvements shall include only those costs which may be included in the Owner's "basis" as that term is defined in the Federal Internal Revenue Code, but excluding any expenditure which is commonly considered a "luxury" item. The determination of what constitutes a luxury item shall be at the sole reasonable discretion of the Executive Board of the Association.
- 14.04 In order to qualify as Permitted Capital Improvements, the Owner must furnish to the Association all information reasonably required by it (which shall include, without limitation, an Owner's affidavit itemizing the costs incurred and the fact that all of the listed materials and labor were used to improve the Property in accord with the provisions of Section 14.03, above).
- 14.05 In calculating the costs of Permitted Capital Improvements, sweat equity may also be included in the calculation of Maximum Resale Price, pursuant to the policies established by the Association.
- 14.06 The Maximum Resale Price of any Unit resulting from the combination of two or more original Units (those existing on the date of this Deed Restriction) shall be the sum of the Maximum Resale Prices of the original Units so combined (as calculated in this Section 14), plus the cost incurred in combining the original Units.

- 14.07 In the event of a breach of any of the terms or conditions contained herein by the Owner, its heirs, successors or assigns, the Maximum Sales Price of the shall, upon the date of such breach as determined by the Association, automatically cease to increase and shall remain fixed until the date of cure of said breach. In addition, UCCA may enforce the terms of this Deed Restriction in any court of competent jurisdiction and shall be entitled to all legal and equitable remedies deemed necessary or appropriate to enforce the terms of this Section 14, including an award of all attorneys fees and costs, including expert witness fees, incurred in prosecuting the action.
15. Foreclosure Provisions. In the event of a foreclosure of any consensual or non-consensual lien against a Unit, APCHA and the Association shall release and waive their ability to enforce their rights established in this Deed Restriction; provided, however, that APCHA shall have the option to acquire the Property or Unit within thirty (30) days after the issuance of a public trustee's deed to the holder (including assigns of the holder) of the promissory note secured by a first deed of trust for an option price not to exceed the redemption price on the last day of all statutory redemption period(s) and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure. In the event that APCHA or the Board, as the designee of the APCHA, exercise the option pursuant to the terms of that certain Option to Buy, described above, the APCHA and/or its designee, may sell the Property or Unit subject to the restrictions contained in this Deed Restriction, or rent the Property or Unit to Qualified Tenants as defined herein.
16. 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:

To Declarant: Ullr Commons Development Corporation
P.O. Box 2001
Carbondale, CO 81623

To APCHA: Aspen/Pitkin County Housing Authority
530 East Main, Lower Level
Aspen, Colorado 81611

17. 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 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 document.

18. 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.
19. 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.
20. 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.
21. 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 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.
22. 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.
23. Personal Liability. Owner agrees that he or she shall be personally liable for any of the transactions contemplated herein.
24. Further Actions. The parties to this Agreement 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.
25. Modifications. The parties to this Agreement agree that any modifications of this Agreement shall be effective only when made by writings signed by both parties and recorded with the Clerk and Recorder of Pitkin County, Colorado. Notwithstanding the foregoing, APCHA reserves the right to amend this Agreement unilaterally where deemed necessary to effectuate the purpose and intent of this Agreement, and where such unilateral action does not materially impair the Owner's rights under this Agreement, or those of the Association or of any Qualified Tenant.
26. Owner and Successors. The term "Owner" shall mean the person or persons who shall acquire an ownership interest in the Property or Unit in compliance with the terms and provisions of this Agreement; it being understood that such person or persons shall be deemed an "Owner" hereunder only during the period of his, her or their ownership interest in the Property or Unit and shall be obligated hereunder for the full and complete



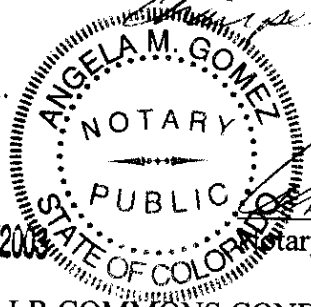
STATE OF COLORADO)
) ss.
COUNTY OF PITKIN)

The foregoing instrument was acknowledged before me this 21st day of July, 2000, by Jay Leavitt as President of the Aspen/Pitkin County Housing Authority.

Witness my hand and official seal.

My commission expires:

MY COMMISSION EXPIRES 4/12/2003



Angela M. Gomez
Notary Public

ACCEPTANCE BY ULLR COMMONS CONDOMINIUM ASSOCIATION

The foregoing Master Deed Restriction Agreement for the Occupancy and Resale of Ullr Commons Condominiums is hereby adopted and accepted by the Ullr Commons Condominium Association, Inc.

ULLR COMMONS CONDOMINIUM ASSOCIATION, INC.,
a Colorado nonprofit corporation

By: Jay Leavitt
Jay Leavitt
President

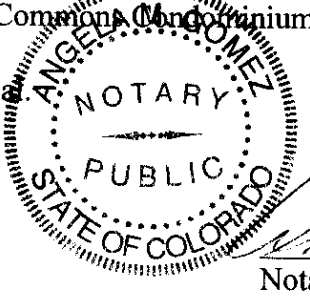
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