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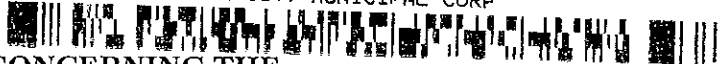
Flagstaff Residences, LLC
P.O. Box 684219
Park City, UT 84068

Fee Exempt per Utah Code
Annotated 1953 21-7-2

ENTRY NO. 00837787

02/15/2008 02:02:30 PM B: 1914 P: 1874
Restrictive Covenants PAGE 1/10
ALAN SPRIGGS, SUMMIT COUNTY RECORDER
FEE 0.00 BY PARK CITY MUNICIPAL CORP

Recorded at the request of and return
to: Park City Municipal Corp.
Attn: Debra L. Anderson
P. O. Box 1456, Park City, UT 84060



RESTRICTIONS CONCERNING THE

RENTAL OF EMPLOYEE/AFFORDABLE HOUSING

UNIT IN FLAGSTAFF

These Restrictions Concerning the Rental of Employee/Affordable Housing Unit in Flagstaff ("Agreement") is made and entered into as of the 24 day of JANUARY, 2008 (the "Effective Date"), by and between Flagstaff Residences, LLC, a Delaware limited liability company ("Owner"), and Park City Municipal Corporation, a municipal corporation of the State of Utah ("City").

RECITALS

A. Owner owns that certain condominium unit in the condominium project known as "Flagstaff", as more particularly described on Exhibit A which is attached hereto and incorporated herein by this reference ("Unit"), which is located in Park City, Summit County, Utah, in that certain development known as "Empire Pass" ("Empire Pass").

B. The property within Empire Pass is subject to that certain Development Agreement for Flagstaff Mountain, Bonanza Flats, Richardson Flats, the 20-Acre Quinn's Junction Parcel and Iron Mountain dated June 24, 1999 ("Development Agreement"), which requires, among other things, that certain employee and affordable housing be constructed in connection with the development of property within Empire Pass.

C. In accordance with the requirements of the Development Agreement, and as a condition to the development of Flagstaff, the City has required that the Unit be restricted to use as employee and affordable housing, and that the transfer, occupancy and rental of the Unit be restricted in the manner set forth in this Agreement.

AGREEMENT

IN WITNESS WHEREOF, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree that Owner (and any subsequent owner(s) of the Unit) shall rent or sell the Unit pursuant to the following restrictions:

1. Definitions.

(a) Consumer Price Index means the Department of Labor and Commerce, Bureau of Labor Statistics consumer Price Index, All Urban for the Western Region.

(b) Maximum Rent means (i) Nine Hundred Thirty-Eight Dollars (\$938) per month less a utility allowance of Seventy-Five Dollars (\$75.00) per month with Owner paying for any utility charges exceeding such utility allowance; or (ii) Eight Hundred Sixty-Three Dollars (\$863) per month, with renter being responsible for paying all utility charges.

(c) Maximum Sales Price has the meaning set forth in Section 3(b)(i) below.

(d) Owner shall mean Flagstaff Residences, LLC and any other subsequent owner of fee simple title to the Unit.

(e) Qualified Individual means a full-time regular employee (with a minimum of 30 hours of employment per week) working at a Qualified Work Location, including without limitation, any employee of the Deer Valley Resort, any employee of a management company engaged in on-site management of property within a Qualified Work Location, and employees of other businesses operating within a Qualified Work Location. Employees of other businesses in Park City may be considered Qualified Individuals when reasonable efforts to rent to those employed in a Qualified Work Location are not successful.

(f) Qualified Work Location means a place of work within the land annexed to Park City pursuant to the Development Agreement or within the Deer Valley Large Scale Master Planned Development.

2. Renting the Unit.

(a) Renting Restricted to Qualified Individuals. Except as otherwise agreed by the City and Owner by amendment to this Agreement, the Unit shall be rented only to Qualified Individuals, pursuant to this Section 2. No Unit shall be occupied by Owner, unless Owner is a Qualified Individual.

(b) When Renting Not Restricted to Qualified Individuals. Owner shall utilize reasonable efforts to give preference to Qualified Individuals in renting the Unit, so long as: (i) the Qualified Individuals meet all the standard income, credit, background, employment and other tenant checks, as uniformly and fairly applied to all prospective or renewal tenants; and (ii) giving such priority does not violate any applicable laws. Owner will not knowingly allow any tenant to sublease, assign or otherwise convey any interest in a lease to a person that is not a Qualified Individual. In the event that Owner uses best efforts to rent to a Qualified Individual and no Qualified Individual is available, Owner shall have the right to rent to any other tenant.

(c) Limitation on Rental Rates and Terms. The rate at which the Owner shall rent the Unit shall not exceed the Maximum Rent. The Maximum Rent shall be adjusted on January 1 of each year by the annual percentage increase in the Consumer Price Index using a base year of 2007.

(d) Rent as Part of Employee Compensation Package. Rent for any Unit may be included as part of an overall employee compensation package. The value of this benefit shall not exceed the Maximum Rent.

(e) Minimum Lease Term for the Unit. The minimum lease term for the Unit shall be six (6) months. In no event shall the Unit be offered for rent on a nightly basis to the general public.

(f) Vacancy of Unit. Should the Unit become vacant for a period of more than sixty (60) consecutive days, Owner shall utilize reasonable efforts to rent or sell the Unit, including without limitation giving the City written notice of such a vacancy, in which case the Unit shall become available for rent by a Qualified Individual identified by the City, subject to the provisions of Section 2(b), above.

3. Selling the Unit.

(a) Sale of Unit for Rental Purposes. Owner shall have the right to sell the Unit at any time, at such price and terms as Owner shall determine, so long as the purchaser of the Unit agrees at all times to rent, and hold the Unit(s) available for rent, to Qualified Individuals, and not for owner occupancy, and so long as this Agreement shall continue in effect with respect to the Unit. The provisions set forth in Section 3(b) below shall not apply to an Owner who complies with this Section 3(a).

(b) Sale of Unit for Owner Occupancy. In the event an Owner desires to sell the Unit to a purchaser for that purchaser's personal occupancy (an "Owner Occupied Unit"), then the following provisions shall apply. Furthermore, no Owner shall have the right to the personal occupancy of its Unit, unless such Owner is a Qualified Individual and the following provisions were followed in connection with the sale of the Unit to such Owner:

(i) Maximum Sales Price. The sales price for an Owner Occupied Unit ("Maximum Sales Price") shall be set at a price affordable to a three-person household earning fifty percent (50%) of the Summit County Area Median Income (the "Target Household Income") for the year in which the sale occurs. For these purposes, "affordable" shall mean that the total mortgage payment for the Owner Occupied Unit, including principal, interest, taxes and insurance ("PITI"), does not exceed thirty percent (30%) of the Target Household Income. The assumptions used to calculate the sales price shall be: (i) a five percent (5%) down payment; (ii) a 30-year term; and (iii) an interest rate equal to the prevailing FirstHome rate, or its program equivalent, of the Utah Housing Corporation (www.utahhousingcorp.org) at the time of the offer.

(ii) Right of First Refusal. If the Owner cannot identify a Qualified Individual willing to purchase an Owner Occupied Unit on terms acceptable to the Owner but has received an offer to purchase the Owner Occupied Unit from a Non-Qualified Individual that Owner desires to accept, the Owner shall offer the Unit to the City (the "Option") at the same price and terms on which the Unit is offered to the Non-Qualified Individual, or the price and terms at which the Owner desires to sell the Owner Occupied Unit if no specific purchaser has been identified, by delivering a written notice of such offer and its terms to City (the "City Notice"). The date that the Owner delivers the City Notice to the City shall be the "Offer Date." The City shall have forty-five (45) days after the Offer Date (the "Response Period") to exercise the Option by delivering to the Owner written notice of the City's exercise of the Option (the "Exercise Notice"). The City shall use its best efforts to notify the Owner of whether the City will exercise the Option as early as possible within the Response Period. If the City elects to

exercise the Option, the City shall finalize the acquisition of the Owner Occupied Unit, by paying the full purchase price therefore, within thirty (30) days after delivering the Exercise Notice to the Owner. If the City fails to deliver an Exercise Notice or complete the acquisition of the Unit in accordance herewith, the City's option to purchase the Owner Occupied Unit from such Owner shall automatically and forever expire without the need for further notice or documentation.

(iii) Sale to a Qualified Individual. Upon expiration of an Option, the Owner shall then offer the Owner Occupied Unit for sale to individuals on the list of Qualified Individuals (the "List") maintained by the City or its designee. Qualified Individuals shall be ranked on the List according to the following criteria: (1) the amount of the purchase price that the Qualified Individual is willing and able to pay, which amount shall not exceed the Maximum Sales Price, with the highest priority given to the Qualified Individual willing to pay the most; (2) the speed with which the Qualified Individual is willing and able to close the transaction, with the highest priority given to the Qualified Individual who can close the fastest; and (3) the date that the Qualified Individual applied to be placed on the List with the highest priority given to the Qualified Individual with the earliest application date. Equal weight shall be given to each of the above criteria in ranking Qualified Individuals.

(iv) Sale to Non-Qualified Individuals. If, after using commercially reasonable efforts to sell the Owner Occupied Unit to a Qualified Individual, a Qualified Individual does not purchase such Unit within one hundred twenty (120) days following the applicable Offer Date, the selling Owner shall have the right to sell the Owner Occupied Unit, at or below the Maximum Sales Price, to any buyer who will remain bound by the terms of these restrictions. In no case shall the Owner Occupied Unit be sold as a seasonal or second home.

(v) Maintaining List of Qualified Individuals. The City or its designee shall maintain the List which shall record the Qualified Individuals in the order of the dates on which they applied to be put on the list.

(vi) Miscellaneous Rights of Selling Owner. Nothing in this Agreement shall be interpreted to force a selling Owner to sell the Unit against that selling Owner's will. The selling Owner shall have the right, pursuant to the terms of this Agreement, to list the Unit for sale at or below the Maximum Sales Price with any licensed broker. The selling Owner shall have the right to obtain backup purchase offers to purchase the Owner Occupied Unit as long as those offers are conditioned upon satisfaction of the other rights and obligations of the Parties under this Agreement.

4. Term of this Agreement. The term of this Agreement shall commence as of the date first set forth above and continue in full force and effect for a period not less than forty (40) years. At the expiration of the initial forty (40) year term, this Agreement shall be renewed for additional consecutive ten (10) year terms, unless the City shall determine, based on an independent housing needs assessment, that the Unit is no longer necessary to satisfy the affordable/employee housing needs in Park City. The Park City Housing Authority or its successor shall make the final determination of the continuing need for the Unit.

5. Waivers. Owner hereby waives any defenses, rights or remedies that it might otherwise assert against the City in connection with: (i) the application of the rule against perpetuities to this Agreement; or (ii) any claim that the covenants in this Agreement recorded against the Unit are not real covenants running with the land constituting the Unit. This waiver shall be binding upon and inure to the benefit of the successor and assigns of Owner and the City.

6. Repair and Maintenance. Owner covenants, agrees and warrants that the Unit is and will remain in good condition, suitable for occupancy. Owner shall cause the Unit to be maintained and operated at all times in strict compliance with the terms of this Agreement, the condominium declaration associated with the Unit and other applicable laws, including City building and zoning codes. Subject to the terms and conditions of the condominium declaration for the Unit, if the Unit, or any part thereof, shall be damaged or destroyed, Owner will use reasonable efforts to promptly repair and restore the Unit to substantially the same condition as existed prior to the event causing such damage or destruction and thereafter to operate the Unit in accordance with the terms of this Agreement.

7. Compliance and Non-Discrimination. At all times, Owner shall comply with all applicable federal and state housing laws, shall not discriminate against any tenant on the basis of race, sex, creed, sexual orientation, or color, and shall operate and manage the Unit in a consistent and uniform manner.

8. Discontinuance of Liability after Conveyance. Following the recording of a deed conveying the Unit to a purchaser, the transferor of that Unit shall have no further liability under this Agreement respecting the Unit, except to the extent caused by the negligence or intentional misconduct of the transferor.

9. Severable Obligations and Liabilities. The parties understand that the Unit may eventually be owned by different individuals and entities.

10. Non-recourse. The various owners, members, directors, officers, managers, employees, agents and contractors of Owner shall have no personal liability, deficiency or recourse liability under this Agreement. Owner's liability under this Agreement shall be limited solely to Owner's interest in the Unit and the proceeds therefrom.

11. Notices. Any and all notices and demands by any party to any other party required or desired to be given hereunder shall be in writing and shall be validly given or made if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, sent by Federal Express or other similar courier service keeping records of deliveries and attempted deliveries, or served by facsimile transmission. Service by mail or courier shall be conclusively deemed made on the first business day delivery is attempted. Facsimile transmissions received during normal business hours on a business day shall be deemed made at the time of receipt. Facsimile transmissions not received during normal business hours on a business day shall be deemed made on the next business day. The parties may change their respective addresses for the purpose of receiving notices or demands as herein provided by a written notice given in the manner aforesaid to the others, which notice of change of address shall not become effective, however, until the actual receipt thereof by the others.

Any notice or demand to Owner shall be addressed to Owner at the following address:

Flagstaff Residences, LLC
Empire Pass Development Office
537 Main Street 3rd Flr.
PO Box 684269
Park City, Utah 84060
Attn: Jim Hill
Fax No.: (435) 333-6509

Any notice or demand to the City shall be addressed to the City at the following address:

Park City Municipal Corporation
P.O. Box 1480
445 Marsac Ave.
Park City, UT 84060
Attn: City Attorney
Fax: (435) 615-4916

12. Severability. Whenever possible, each provision of this Agreement 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 in this Agreement.

13. Attorneys' Fees. If any party shall take or defend against any action for any relief against another party arising out of this Agreement, the prevailing party in such action or defense shall be entitled to be reimbursed by the other party for all costs including, but not limited to, reasonable attorneys' fees and court costs, incurred by the prevailing party in such action or defense and/or enforcing any judgment granted therein, all of which costs shall be deemed to have accrued upon the commencement of such action and/or defense and shall be paid whether or not such action or defense is prosecuted to judgment. Any judgment or order entered in such action or defense shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment.

14. Choice of Law. This Agreement shall be governed and construed in accordance with the laws of the State of Utah.

15. 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.

16. Third Party Beneficiary. This Agreement is not intended to confer rights on third parties.

17. Paragraph 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.

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

19. Modifications. The Parties agree that any modifications of this Agreement shall be effective only when made by writings signed by the parties hereto and recorded with the Clerk and Recorder of Summit County, Utah.

20. Recordation. Upon execution and delivery by Owner and City, Owner shall cause this Agreement to be recorded and filed in the official public land deed records of Summit County, Utah, and shall pay all fees and charges incurred in connection therewith.

21. Covenants Run With Land. Owner intends, declares and covenants, on behalf of itself and all future owners of the Unit, that this Agreement and the covenants and restrictions set forth herein, regulating and restricting the rents, use, occupancy and transfer of the Unit shall be covenants running with the land and improvements constituting the Unit, for the benefit of the City, shall encumber the Unit, and shall be binding upon Owner, and all subsequent owners of the Unit.

22. Integration. This Agreement constitutes the entire agreement between the parties with respect to the matters set forth herein.

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Effective Date.

OWNER:

FLAGSTAFF RESIDENCES, LLC,
a Delaware limited liability company

By: HF Holding Corp. III, a Colorado
corporation, its Manager

By: *Steven Issowitz*
Name: Steven Issowitz
Title: Vice President



CITY:

Park City Municipal Corporation,
a municipal corporation of the State of Utah

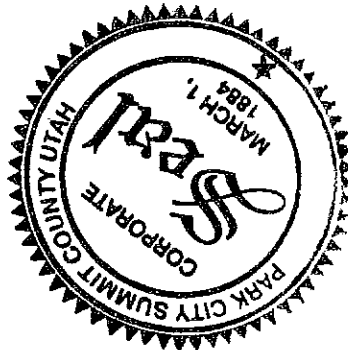
By: *Dana Williams*
Name: DANA WILLIAMS
Title: MAYOR

Attest:

Jane M. Scott
City Recorder

Approved as to Form:

[Signature]



STATE OF UTAH)
)
COUNTY OF Summit) :ss.

The foregoing instrument was acknowledged before me this 24 day of January, 2008, by Seven Gsovits, the vice-president of HF Holding Corp. III, Manager of Flagstaff Residences, LLC, a Delaware limited liability company.

Nari Trotter

NOTARY PUBLIC
Residing at: Wallburg, UT

My Commission Expires:

1/6/2012



STATE OF UTAH)
)
COUNTY OF Summit) :ss.

The foregoing instrument was acknowledged before me this 15 day of FEBRUARY, 2008, by DANA WILLIAMS, the MAJOR of Park City Municipal Corporation.

Sharon C. Bauman

NOTARY PUBLIC
Residing at: Park City Utah

My Commission Expires:

7-13-2010

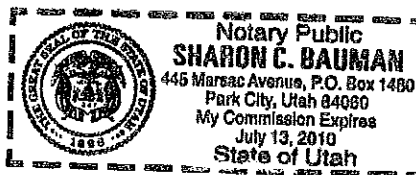


EXHIBIT A

Legal Description of the Unit

Unit 104 (EHU), Flagstaff, a Utah condominium project, according to the Condominium Plat for Flagstaff recorded in the Office of the Summit County Recorder, together with the undivided interest in the common areas and facilities of Flagstaff appurtenant to such Unit.