

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

WHEN RECORDED, RETURN TO:

Recorded at the request of and return
to: Park City Municipal Corp.
Attn: City Recorder
P.O. Box 1480, Park City, UT 84060

ENTRY NO. 00837983

02/19/2008 03:39:26 PM B: 1915 P: 0827

Restrictive Covenants PAGE 1/15

ALAN SPRIGGS, SUMMIT COUNTY RECORDER

FEE 0.00 BY PARK CITY MUNICIPAL CORP



RESTRICTIONS CONCERNING THE
SALE AND RENTAL OF EMPLOYEE/AFFORDABLE HOUSING

UNITS AT SILVER STAR

This Restrictions Concerning the Rental of Employee/Affordable Housing Units at Silver Star ("Agreement") is made and entered into as of the 1st day of November, 2007 (the "Effective Date"), by and between Paladin Development Partners, LLC, a Utah limited liability company ("Owner"), and Park City Municipal Corporation, a municipal corporation of the State of Utah ("City").

RECITALS

A. Owner owns a certain development known as the "Spiro Tunnel Master Planned Development (Silver Star at Park City, a Minor Subdivision)" situated in Park City, Utah and more particularly described on Exhibit A which is attached hereto and incorporated herein by this reference ("Silver Star").

B. The City approved the Silver Star project as set forth in the Spiro Tunnel MPD Development Agreement dated October 27, 2004 ("Development Agreement". One of the conditions of approval was the submission and approval of a Housing Mitigation Plan by the Park City Housing Authority ("Housing Authority").

C. Owner submitted an affordable housing plan to the City and Housing Authority that was approved by the City on March 23, 2006 for 16.25 affordable unit equivalents configured as for-sale condominium units and ten (10) seasonal rental units located in the center of Silver Star adjacent to the historic mine buildings within the Silver Plaza Condominiums, and more particularly described as Units 25- #1 to 25-#10 in Building N and Units 65-#2 to 65-#11 in Building O (the "Units").

D. In accordance with the requirements imposed by the City and the Housing Authority and as a condition to the development of Silver Star, the City has required that the Units be restricted to use as employee/affordable housing, and that the transfer and occupancy of the Units 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 as follows:

1. SEASONAL HOUSING UNITS. Except as otherwise agreed by the City and Owner by amendment to this Agreement, the four (4) studio Units known and depicted as Units 25-#2, 25-#4, 25-#6 and 25-#8 and the six (6) two-bedroom Units known and depicted as Units 25-#1, 25-#3, 25-#5, 25-#7, 25-#9 and 25-#10 located in Building N at Silver Star shall be considered "Seasonal Housing Units". The principal purpose for the Seasonal Housing Units shall be to house seasonal employees with first preference given to seasonal employees of the Sundance Institute during the Fall/Winter season and/or individuals enrolled in the Artists-in-Residence program during the Spring/Summer season. In the event that both seasonal uses terminate, or that the Sundance Institute gives notice to Owner that it will not be using all the Seasonal Housing Units in a given year, Seasonal Housing Units may be rented to Qualified Individuals who are not engaged in such uses. Seasonal Housing Units shall be rented only to Qualified Individuals (defined below), pursuant to this Section 1.

1.1. DEFINITION. For purposes of this Agreement, "Qualified Individual" means a person who is either (i) a seasonal employee of the Sundance Institute; (ii) a participant in the Artists-in Residence Program, or (iii) a seasonal employee of a business located within the Park City Municipal Corporation boundaries. A "Non-Qualified Individual" in order of priority is (i) a winter seasonal employee of a business within the Park City School District Boundaries, or (ii) an employee of a business located within Summit County.

1.2. PREFERENCE 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, 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 reasonable efforts to rent to a Qualified Individual and no Qualified Individual is available, Owner shall have the right to rent to a Non-Qualified Individual. Owner must demonstrate to the City's satisfaction that it has made reasonable efforts to lease to a Qualified Individual.

1.3. LIMITATION ON RENTAL RATES AND TERMS. The rate at which the Owner shall rent a Unit shall not exceed the following rates ("Initial Maximum Rent"):

1.3.1. For Studio Units (i) Six Hundred Thirty Seven Dollars (\$637) per month with renter being responsible for paying all utility charges, or (ii) Six Hundred Seventy-Five Dollars (\$675) with Owner paying all utility charges for water, gas and electric service. The decision on the rent structure is at the sole discretion of the Owner and may be changed. Units shall be fully furnished including furniture, appliances, dishes and utensils and linens.

1.3.2. For Two-Bedroom Units: (i) Eight Hundred Two Dollars (\$802) per month with renter being responsible for paying all utility charges or (ii) Eight Hundred Seventy-One Dollars (\$871) if Owner is paying all utility charges for water, gas and electric service. The decision on the rent structure is at the sole discretion of the Owner and may be changed. Units shall be fully furnished by Owner including furniture, appliances, dishes and utensils and linens.

1.3.3. In all cases, the tenant shall be responsible for all other utilities including, but not limited to telephone service, cable or satellite TV, and internet service. The Initial Maximum Rent shall be adjusted on January 1 of each year by the annual percentage increase in the Consumer Price Index (defined below), using a base year of 2007.

1.4. CONSUMER PRICE INDEX. For the purposes of this Agreement, “Consumer Price Index” shall mean the Department of Labor and Commerce, Bureau of Labor Statistics consumer Price Index, All Urban for the Western Region.

1.5. RENT INCLUDED IN COMPENSATION. Rent for any Unit may be included as part of an overall employee compensation package. The value of this benefit shall not exceed the Initial Maximum Rent.

1.6. LEASE TERM. The minimum lease term for the Winter Season shall be four months continuously to the same tenant(s) who meets eligibility requirements.

1.7. VACANCY OF UNIT. Should the Unit become vacant for a period of more than thirty (30) consecutive days, the Owner of such Unit shall utilize reasonable efforts to rent 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, subject to the provisions of Section 1.2 above.

1.8. SALE OF SEASONAL UNIT FOR RENTAL PURPOSES. Owner shall have the right to sell or otherwise transfer the entirety of the four (4) studio Units known and depicted as Units 25-#2, 25-#4, 25-#6 and 25-#8 and the six (6) two-bedroom Units known and depicted as Units 25-#1, 25-#3, 25-#5, 25-#7, 25-#9 and 25-#10 located in Building N at Silver Star at such price and terms as Owner shall determine, so long as the purchaser of the Units agrees at all times to rent, and hold the Unit 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. Units may not be sold individually for rental purposes.

1.9. SALE OF SEASONAL HOUSING UNITS FOR OWNER OCCUPANCY. None of the Seasonal Housing Units may be sold for owner occupancy without the prior written approval of the City, as evidenced by an amendment to this Agreement with respect to the affected Unit(s). The City’s decision to approve the conversion of one or more Seasonal Housing Units to year-round owner-occupancy shall be based on an independent housing needs assessment, concluding that the need for owner-occupied affordable housing in Park City is as great as or greater than the need for affordable rental housing in Park City.

1.10 REPAIR AND MAINTENANCE. Owner covenants, agrees and warrants that the Unit is and will remain in good condition, suitable for occupancy including all furnishing provided by Owner. Owner shall cause the Unit to be maintained and operated in 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.

2. **OWNER-OCCUPIED UNITS.** Except as otherwise agreed by the City and Owner by amendment to this Agreement, "Owner-Occupied Units" means the ten (10) one-bedroom condominium Units known and depicted as Units 65-#2 to 65-#11 in Building O at Silver Star, the absolute and sole purpose being that the purchasers of the Owner Occupied Units use the Owner-Occupied Units for personal occupancy. Units shall be sold to Qualified Individuals (defined below), pursuant to this Section 2.

2.1. **DEFINITION.** For purposes of this Section 2, Qualified Individual means a first time homebuyer, as defined by the US Department of Housing and Urban Development who is (i) currently employed in the Park City limits for a minimum of 1,560 hours and has been continuously employed in the Park City limits for a minimum of 1,560 hours per calendar year for the past 24 months and (ii) whose income does not exceed 150 percent of the Park City Workforce Housing Wage. A "Non-Qualified Individual" means (i) a person who is not a first time homebuyer as defined by the US Department of Housing and Urban Development, and (ii) is employed a minimum of 1,560 hours per calendar year within Summit County.

2.2. **PREFERENCE TO QUALIFIED INDIVIDUALS.** Owner shall utilize reasonable efforts to give preference to Qualified Individuals in purchasing a Unit, as: (i) the Qualified Individual meets all the standard income and underwriting practices as uniformly and fairly applied to all prospective buyers and (ii) giving such priority does not violate any applicable laws.

2.3. **INITIAL SALES PRICE.** The sales price for an Owner Occupied Unit shall be as follows:

UNIT NUMBER	INITIAL SALES PRICE	UNIT NUMBER	INITIAL SALES PRICE
101	\$183,000	204	\$158,000
102	\$148,000	301	\$193,000
201	\$188,000	302	\$178,000
202	\$163,000	303	\$168,000
203	\$153,000	304	\$173,000

- 2.4. INITIAL SALE OF UNITS. Developer shall conduct a selection process which gives priority to Qualified Individuals. A subsequent selection process may be held if units remain after the initial selection process for Qualified Individuals. The Developer may elect to reserve up to three units for sale to on-site employees during the initial sale of units.
- 2.5. RESALE OF UNIT. In the event that any owner of an Affordable Unit ("Unit Owner") other than Developer desires to sell an Affordable Unit, Unit Owner shall notify the City Attorney in accordance by delivering a written notice of such offer to the City (the "Option"). The date the Unit Owner delivers such notice to City shall be the "Offer Date".
- 2.6. OPTION TO CITY. The City shall have thirty (30) days after the Offer Date ("Option Period") to exercise the Option by delivering to the Unit Owner written notice of the City's exercise of the Option ("Exercise Notice"). City shall use its best efforts to notify the Unit Owner of the City's plans to exercise the Option as early as possible within the Option Period. If the City elects to exercise the Option, the City shall complete the acquisition of the Unit by paying to the Unit Owner the sales price as determined by the Resale Formula (as defined by Section 2.8, below) within thirty (30) days after delivering the Exercise Notice. If the City (i) notifies the Owner that it will not exercise the Option, (ii) fails to deliver to Owner the Exercise Notice within the Option Period, or (iii) exercises the Option but fails to close within thirty (30) days after delivering the Exercise Notice, the Option shall automatically terminate with respect to such sale or offering for sale, without the need for further notice or documentation.
- 2.7. SALE TO QUALIFIED INDIVIDUAL. Upon expiration or other termination of an Option with respect to a particular Unit, the selling Unit Owner shall then offer the Owner Occupied Unit for sale in accordance with City process in effect at the time of the sale to individuals on the list of Qualified Individuals (the "List") maintained by the City or its Designee.
- 2.8. SALE TO A NON-QUALIFIED INDIVIDUAL. If, after using reasonable efforts to sell the Owner Occupied Unit to a Qualified Individual, a Unit Owner shall request that (i) the City purchase the Unit, at the sales price determined by the Resale Formula, or (ii) that the City permit a Non-Qualified buyer to purchase the unit subject to the terms of these restrictions.
- 2.9. RESALE FORMULA. Following the initial sale of the Unit by the Developer, subsequent sales of Units shall be governed by "Resale Formula" that establishes the maximum permitted resale price of the unit. In no event shall a Unit be sold by the initial buyer and subsequent buyers for an amount in excess of the "Maximum Sales Price" the actual purchase price, plus (i) 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, plus Permitted Capital Improvements, minus depreciation, plus the sum of \$250.00 to the City or its designee upon each transfer of ownership of a Unit. The Purchaser shall pay no more than the maximum sales price and shall not pay any real estate commissions, sellers

closing costs or for capital improvements attached to the Unit that are not Permitted Capital Improvements. Permitted Capital Improvements are defined in Exhibit B. In no case shall Permitted Capital Improvements exceed five percent (5 %) of the Original Purchase Price.

2.9.1. **MINIMUM STANDARDS.** An owner will be required to maintain a minimum standard for the unit purchased in order to receive full resale value. (Exhibit C Minimum Standards) Prior to any sale of a unit, the City or Designee will determine a maximum sales price and conduct an inspection and provide a list to the Owner as to the items that will need to be done PRIOR to closing to get full value. If said inspection reflects items not met on the Minimum Standards for Seller to Receive Full Value table, the Seller shall be required to remedy those items. If the unit meets the standard criteria, the Property or Unit shall be sold for the Maximum Resale Price.

2.9.2. **NO GUARANTY.** Nothing herein shall be construed to constitute a representation or a guaranty by Developer or City that on sale owner shall obtain the maximum sales price.

3. **PERMITTED CAPITAL IMPROVEMENTS.** For the purpose of determining the Maximum Sales Price, an owner may add to the amount specified above the cost of Permitted Capital Improvements (as defined in Exhibit "B") in a total amount not to exceed 5.0% of the original purchase price. A 5% capital improvement maximum will be established for each new owner. In calculating such amount, only those Permitted Capital Improvements identified in Exhibit "B" hereto shall qualify for inclusion. It will be up to the homeowner to maintain the unit in good condition. This would include, but not be limited to, the condition of the roof, boiler and water heater, and appliances. All such Permitted Capital Improvements installed or constructed over the life of the improvements to the Unit shall qualify. However, the allowance permitted by this Paragraph is a fixed amount, which shall be calculated on a cumulative basis applicable to the original owner and all subsequent purchasers, and not exceed the maximum dollar amount set forth in this Paragraph. The cost of Permitted Capital Improvements shall be depreciated on a straight line basis at the rate of 5% per annum for ten years commencing one year from the date of the installation of each improvement. However, notwithstanding anything to the contrary contained herein, City-approved in advance Permitted Capital Improvements exceeding 5% of the original purchase price that will be added to the Maximum Sales Price. City shall have sole discretion to allow or disallow Permitted Capital Improvements. If improvements exceeding the Permitted Capital Improvement amount are not approved in advance by City, they shall not be included in the Maximum Sales Price.

3.1. **OUT OF POCKET COSTS.** In calculating the costs under Paragraph 3, only the owner's actual out-of pocket costs and expenses as evidenced by receipts shall be eligible for inclusion. Such amount shall not include an amount attributable to owner's profit, labor ("sweat equity") or to any appreciation in the value of the improvements.

4. LENDER'S PERMITTED ADJUSTMENT TO MAXIMUM SALES PRICE.

Notwithstanding anything to the contrary contained herein, all conditions and restrictions contained in these Declarations shall be subject to and subordinate to the first lien of a mortgage/deed of trust given by the owner of a Unit. In the event the holder of the first lien of a mortgage/deed of trust takes title to a Unit by way of trustee's sale, foreclosure, deed-in-lieu of foreclosure or other legal means, within 30 days of the date the holder takes title to a Unit, the City shall have the right to purchase such Unit at a price equal to the amount of outstanding principal, interest, taxes, insurance, and any costs to recover the Unit through a trustee's sale, foreclosure, deed-in-lieu of foreclosure or other legal means, and any other amounts that may have been due and owing the holder. In the event of a lender foreclosure and the City or its designee elects not to purchase the unit from the lender, all deed restrictions governing borrower eligibility and property re-sale are removed.

5. MISCELLANEOUS. Nothing in this Agreement shall be interpreted to require a selling Owner to sell the Unit against that selling Owner's will. The Unit 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.

6. TERM OF 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 ninety-nine (99) years. Upon the expiration of the initial ninety-nine (99) year term, this Agreement shall be reviewed for additional consecutive ten (10) year terms, unless the City shall determine, based 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.

7. ANNUAL COMPLIANCE REPORT. Owner agrees to provide City with an annual compliance report to City by October 1 of each year during the term of the deed restriction. The annual compliance report will include the current rent levels and occupancy status for the rental units and any unit sales that occurred during the year including the sales price. The annual compliance report shall include a signed statement by Owner certifying that the units are in compliance with the terms of the deed restriction.

8. 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.

9. 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 Units it owns in a consistent and uniform manner.

10. **DISCONTINUANCE OF LIABILITY AFTER CONVEYANCE.** Following the recording of a deed conveying the Unit to a purchaser, the transferor of the 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.
11. **SEVERABLE OBLIGATIONS AND LIABILITIES.** The parties understand that the Units may eventually be owned by different individuals and entities. The owner of any particular Unit, and that Unit itself, shall not be liable for, or encumbered by, the obligations or liabilities under this Agreement associated with any other Unit or owner of any other Unit.
12. **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.
13. **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:
Paladin Development Partners, LLC
P.O. Box 4223
Park City, Utah 84060
Attn: Rory Murphy
Fax No.: (435) 647-5704

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) 615-4903

14. **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.

15. **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.
16. **CHOICE OF LAW.** This Agreement shall be governed and construed in accordance with the laws of the State of Utah.
17. **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.
18. **THIRD PARTY BENEFICIARY.** This Agreement is not intended to confer rights on third parties.
19. **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.
20. **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.
21. **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.
22. **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.
23. **COVENANTS RUN WITH LAND.** Owner intends, declares and covenants, on behalf of itself and all future owners of the Units, that this Agreement and the covenants and restrictions set forth herein, regulating and restricting the rents, use, occupancy and transfer of the Units shall be covenants running with the land and improvements constituting the Units, for the benefit of the City, shall encumber the Units, and shall be binding upon Owner, and all subsequent owners of the Units.
24. **INTEGRATION.** This Agreement constitutes the entire agreement between the parties with respect to the matters set forth herein.

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

OWNER:

PALADIN DEVELOPMENT PARTNERS
A Utah Limited liability company

By: RM
Rory Murphy, Manager

CITY

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

By: DANA WILLIAMS
Name: Dana Williams
Its: MAYOR

Attest:

Cindy Tolson
Sr. City Recorder



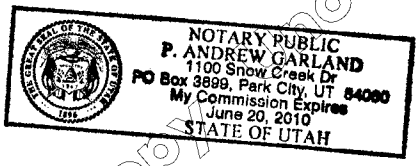
Approved as to Form:

[Signature]
City Attorney

ACKNOWLEDGEMENTS

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

The foregoing instrument was acknowledged before me this 15th day of NOVEMBER 2007, by Rory Murphy, a Manager of Paladin Development Partners, LLC, a Utah limited liability company.



[Signature]
NOTARY PUBLIC
Residing at: PARK CITY

My Commission Expires:
6/20/2010

STATE OF UTAH)
):ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 8th day of February ~~2008~~ 2007, by Dana Williams, the Mayor of Park City Municipal Corporation.

[Signature]
NOTARY PUBLIC
Residing at: Park City Utah

My Commission Expires:
7-13-2010



EXHIBIT A

Legal Description of the Units

Lot 2, Silver Spring at Park City

Unit Numbers: 25-#1, 25-#2, 25-#3, 25-#4, 25-#5, 25-#6, 25-#7, 25-#8, 25-#9, 25-#10

Unit Numbers: 65-#2, 65-#3, 65-#4, 65-#5, 65-#6, 65-#7, 65-#8, 65-#9, 65-#10, 65-#11,

**EXHIBIT B
PERMITTED CAPITAL IMPROVEMENTS**

1. The term "Permitted Capital Improvement" 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, replacement 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 (including radon);
 - e. Improvements to add and/or finish permanent/finished storage space;
 - f. Improvements to finish unfinished space;
 - g. Landscaping;
 - h. The cost of adding decks and balconies, and any extension thereto; and/or
 - i. Improvements associated with health and safety, energy efficiency, water conservation, and green building products.
2. Permitted Capital Improvements as used in this Agreement shall NOT include the following:
 - a. Jacuzzis, saunas, steam showers and other similar items;
 - b. Upgrades or addition of decorative items, including lights, window coverings and other similar items.
 - c. Upgrades of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of a unit and/or improvements required to repair and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, and other similar items, unless replacement is energy efficient or for safety and health reasons.
3. All Permitted Capital Improvement items and costs shall be approved by the City or its Designee prior to being added to the Maximum Resale Price as defined herein. In order to get credit for an improvement where a building permit is required, the improvement will not be counted unless a Letter of Completion was obtained by the Building Department.

EXHIBIT C
MINIMUM STANDARDS FOR SELLER TO RECEIVE FULL RESALE VALUE

- Clean unit
- Carpets steam-cleaned two or three days prior to closing
- All scratches, holes, burned marks repaired in hardwood floors, linoleum, tile, counter tops etc.
- No broken or foggy windows
- All screens in windows (if screens were originally provided)
- All doors will be in working order with no holes
- All locks on doors will work
- All keys will be provided; e.g., door, mail box, garage
- All mechanical systems shall be in working order
- Walls paint ready
- Normal wear and tear on carpet; if carpet has holes, stains, etc., the carpet and padding shall be replaced or escrow funds at current market value per square foot for a comparable product shall be held at the time of closing to be used by the new buyer
- No leaks from plumbing fixtures
- No roof leaks
- Any safety hazard remedied prior to closing
- Satisfaction of radon issue if found at time of inspection
- All light fixtures shall be in working order

DEFINITIONS:

Clean Unit: All rooms will be cleaned as stated below:

Kitchen:

- Range – Inner and outer surfaces will be cleaned.
- Range hood and Exhaust Fan
- Refrigerator and Freezer – Inner and outer surfaces of refrigerator and freezer will be clean. Freezer will be defrosted.
- Cabinets and Countertops – Exterior and interior surfaces of cabinets and drawers will be clean. Door and drawer handles, if provided, shall be clean and in place.
- Sink and Garbage Disposal – Sink and plumbing fixtures will be clean. If garbage disposal provided, this must be in working order.
- Dishwasher – If provided, must be in working order and inner and outer surfaces shall be clean.

Blinds, Windows, Screens:

- Mini-blinds, Venetian Blinds, Vertical Blinds, and Pull Shades – Will be clean.
- Windows – All window surfaces, inside and outside of the window glass, shall be clean.
- Screens – Screens will be clean and in place with no holes or tears.

Closets: Closets, including floors, walls, hanger rod, shelves and doors, shall be clean.

Light Fixtures: Light fixtures will be clean and shall have functioning bulbs/florescent tubes.

Bathrooms:

- Bathtub, Shower Walls, Sinks – Bathtubs, shower walls and sinks shall be clean.
- Toilet and Water Closet – Water closets, toilet bowls and toilet seats will be clean. If the toilet seat is broken or peeling, the seat shall be replaced.
- Tile – All tile and grout will be clean.
- Mirrors and Medicine Cabinets – Mirrors and medicine cabinets shall be cleaned inside and out.
- Shelves and/or Other Cabinetry – All other shelving or cabinetry shall be cleaned inside and out.

Walls, Ceilings, Painted Doors and Baseboards: Painted surfaces must be cleaned with care to ensure the surface is clean without damaging the paint.

Floors: Floor cleaning includes sweeping and mopping and could include stripping, waxing and buffing. Types of floor surfaces include wood, wood parquet tiles, linoleum, asphalt tile, vinyl tile, mosaic tile, concrete and carpet. If carpet, all carpets shall be cleaned at least two days prior to closing.

Interior Storage/Utility Rooms: Storage/utility rooms shall be cleaned. Properly cleaned storage/utility rooms will be free from odors, removable stains, grease marks or accumulations.

Safety Hazard: Any item that provides a safety hazard shall be fixed. This would include, but is not limited to, exposed electrical wiring, satisfaction of any radon issue found, ventilation for gas hot water system, etc.

Walls Paint-Ready: All holes shall be patched; all posters, pictures, etc., shall be removed from all walls; all nails, tacks, tape, etc., shall be removed from all walls; and all walls shall be clean and ready for the new buyer to paint. If wallpaper has been placed on the wall and in good condition, the wallpaper can remain; if the wallpaper is peeling off, the wallpaper must be removed.

Windows: If a window is broken, including the locking mechanism, the window shall be replaced. If the window has a fog residue in the inside, it shall be replaced.