

WHEN RECORDED, RETURN TO:

The Redevelopment Agency of the City of Taylorsville
2600 W. Taylorsville Blvd.
Taylorsville, Utah 84129

Affects Salt Lake County Tax ID No(s): _____

DECLARATION OF MODERATE-INCOME HOUSING DEED RESTRICTIONS

(Solstice at 54th — Taylorsville City, Utah)

This DECLARATION OF MODERATE INCOME HOUSING DEED RESTRICTIONS (this "**Declaration**") is effective as of the date this Declaration is recorded in the office of the Salt Lake County Recorder (the "**Effective Date**"), and is entered into by EDGE HOMES UTAH, LLC, a Utah limited liability company ("**Declarant**" or "**Developer**"), which is the owner of the real property more particularly described on Exhibit A attached hereto, and THE REDEVELOPMENT AGENCY OF THE CITY OF TAYLORSVILLE, a political subdivision of the State of Utah (the "**Agency**").

RECITALS

- A.** Developer is developing and building residential units in a planned residential community located in Taylorsville City, Salt Lake County, State of Utah, known as "Solstice at 54th (the "**Project**").
- B.** The Project is governed by that certain Development Agreement between Taylorsville City, a Utah municipality (the "**City**"), and Developer dated _____, recorded in the office of the Salt Lake County Recorder on _____, as Entry No. _____ (the "**Development Agreement**"). The Development Agreement requires Developer to set aside up to thirty (30) residential units within the Project for a moderate-income housing program (the "Housing Program").
- C.** Developer and the Agency share the goal of creating workforce housing in the City with a preference for the City's "**essential workforce**," which includes police officers, firefighters, emergency responders, public school teachers and staff, and municipal employees employed within the City and individuals employed in occupations or industries providing essential services to the community, as more particularly described below.
- D.** Developer and the Agency entered into that certain Incentive Agreement dated as of _____, 20__ (the "**Agreement**"). This Declaration is attached to the Agreement as an exhibit and is incorporated by reference into the Agreement.
- E.** The Agreement provides for the Agency to contribute, from the Agency's housing funds established under UCA §§ 17C-1-411 and 17C-1-412, the amount of Thirty Thousand Dollars

(\$30,000.00) for the benefit of the qualified purchaser of each of the up to thirty (30) designated workforce housing units within the Project (each such contribution, the "Agency Contribution"), with a maximum aggregate Agency contribution of Nine Hundred Thousand Dollars (\$900,000.00), and for Developer to provide a corresponding credit of Thirty Thousand Dollars (\$30,000.00) for the benefit of the qualified purchaser of each such unit (each, the "Developer Credit"), applied through a purchase price reduction, a mortgage interest rate buydown, or a combination of the two.

- F. The residential unit or units subject to this Declaration (collectively, the "**Workforce Housing Units**" or the "**Units**"; each individually, a "**Workforce Housing Unit**" or a "**Unit**") are more particularly described on Exhibit 1 attached hereto.
- G. The purpose of the Agreement, the Agency Contribution, and the Developer Credit is to provide up to thirty (30) Workforce Housing Units which qualify as income targeted housing as defined in UCA § 17C-1-102, which shall be sold to households with an annual household income of at or below 90% of the Salt Lake County household median income, with a preference for the City's essential workforce.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant does hereby record the following restrictive covenants to fulfill the purposes of the Agreement, to assure that the designated Workforce Housing Units are sold in accordance with the Agreement, and to comply with UCA § 17C-1-412.

1. **DEFINITIONS.** As used in this Declaration, the following terms have the following meanings:

1.1 **Agency Contribution.** The contribution of Thirty Thousand Dollars (\$30,000.00) made by the Agency for the benefit of the initial Qualified Purchaser of a Workforce Housing Unit pursuant to the Agreement.

- 1.2 **Essential Workforce.** Individuals employed on a full-time (at least thirty (30) hours per week), permanent basis, in good standing with respect to such employment and beyond any initial probationary period, by any of the following:

- The City, including, without limitation, the City of Taylorsville Police Department and the Unified Fire Authority employees whose primary duty station is located within the City of Taylorsville;
- Granite School District;
- A public agency, special district, or interlocal entity providing law enforcement, fire suppression, or emergency medical services whose employee's primary duty station is located within the City; and
- Individuals employed in occupations or industries providing essential services to the community, including, but not limited to, those generally recognized as essential or critical infrastructure workers by the United States Department of Homeland Security, the

Cybersecurity and Infrastructure Security Agency, or the United States Department of Labor. Such occupations include, without limitation, healthcare and public health professionals; food production, processing, distribution, grocery, and delivery workers; transportation and logistics personnel, including bus drivers, commercial drivers, postal workers, and warehouse employees; energy, water, and utility workers, including electricians, plumbers, and electrical line workers; and construction workers, mechanics, industrial equipment operators, manufacturing employees, skilled tradespeople, and other individuals employed in occupations essential to the health, safety, economic stability, infrastructure, and general welfare of the community. The foregoing enumeration is illustrative and not exhaustive, and other occupations providing comparable essential services may qualify, provided that the purchaser satisfies the income and other eligibility requirements established by this Agreement.

- 1.3 **Essential Workforce Qualified Purchaser.** A Qualified Purchaser as to which at least one (1) adult who will be an Owner of the Workforce Housing Unit is a member of the Essential Workforce.
- 1.4 **Developer Credit.** The credit of Thirty Thousand Dollars (\$30,000.00) provided by Developer for the benefit of the initial Qualified Purchaser of a Workforce Housing Unit pursuant to the Agreement.
- 1.5 **Maximum Sales Price.** The maximum price for which a Workforce Housing Unit may be sold, as determined under Section 2.2.
- 1.6 **Non-Qualified Purchaser.** Any buyer of a Workforce Housing Unit that is not a Qualified Purchaser.
- 1.7 **Owner.** The title owner of record of at least a fifty percent (50%) undivided interest in a Workforce Housing Unit.
- 1.8 **Owner-Occupied.** A Unit that is occupied by the Owner of the Workforce Housing Unit as the Owner's primary residence.
- 1.9 **Qualified Purchaser.** A person or persons with a combined annual household income not exceeding ninety percent (90%) of the of the Salt Lake County median income as set forth in UCA § 17C-1-102 for income targeted housing. For purposes of this definition, annual income shall be determined based on gross income, before any adjustments, as shown on federal income tax filings for the last completed calendar year. A person that owns other residential property shall not qualify as a Qualified Purchaser, regardless of income.
- 1.10 **Sale.** The term "Sale," and any derivative thereof (e.g., "sales," "sold," and "sell"), includes any transfer of title of a Workforce Housing Unit, regardless of whether any consideration is provided to the transferor in exchange. This includes, but is not limited

to, any gift, assignment, or other transfer or conveyance of title. The term “Sale” does not include a transfer of title for the original Qualified Purchaser’s estate planning purposes.

2. SALES OF WORKFORCE HOUSING UNITS.

2.1 Initial Sales. The initial Sale by Developer of each Workforce Housing Unit described on Exhibit 1 shall be only to a Qualified Purchaser, with a preference for Essential Workforce Qualified Purchasers, all as more particularly provided in the Agreement.

2.2 Initial Pricing of Workforce Housing Units. The sales price offered by Developer for the initial Sale of each Workforce Housing Unit shall not exceed the maximum initial purchase price for that Unit set forth on Exhibit 1. For any Unit as to which construction had not commenced as of the date the Unit was designated as a Workforce Housing Unit under the Agreement, the sales price for the initial Sale of that Unit may be adjusted upward based on increases in actual development and construction costs arising after the date of designation; provided that any such adjustment shall not exceed ten percent (10%) of the price listed on Exhibit 1 for that Unit.

2.3 Subsequent Sales of Workforce Housing Units. At the closing of an initial sale of a Workforce Housing Unit by Developer, the purchaser shall execute a deed of trust in favor of the Agency (as the Beneficiary) to be recorded in second (2nd) lien position against the Unit (the “**Deed of Trust**”) to secure repayment of the Agency Contribution to the Agency in the event of a subsequent sale of the Unit to a new owner in accordance with the following repayment schedule:

2.3.1 If the purchaser closes on a sale of the Unit to a new owner within the first 12 months of ownership, the full amount of the Agency Contribution shall be repaid to the Agency;

2.3.2 If the purchaser closes on a sale of the Unit to a new owner after the first 12 months of ownership but before the start of the 25th month of ownership, the amount to be repaid to the Agency shall be the sum of the Agency Contribution less \$2,000.00;

2.3.3 If the purchaser closes on a sale of the Unit to a new owner after the first 24 months of ownership but before the start of the 37th month of ownership, the amount to be repaid to the Agency shall be the sum of the Agency Contribution less \$4,000.00;

2.3.4 If the purchaser closes on a sale of the Unit to a new owner after the first 36 months of ownership but before the start of the 49th month of ownership, the amount to be repaid to the Agency shall be the sum of the Agency Contribution less \$6,000.00;

2.3.5 The repayment amount shall continue on this same schedule, with a reduction of \$2,000.00 for each additional year of ownership, until there is no remaining balance of the amount of the Agency Contribution.

For clarification, no interest shall accrue or otherwise be owed on the sums to be repaid to the Agency under the repayment schedule set forth above. Further, a transfer of title by the original purchaser solely for estate planning purposes (such as a transfer of title to a trust created by or for the original purchaser) does not constitute a “sale of the Unit” triggering a repayment obligation to the Agency.

In addition, if the original purchaser sells the Unit to a new “Qualified Purchaser” (defined in Section 1.9 above), whether the new purchaser is a member of the Critical Workforce or not, and the original purchaser is required to repay a portion of the Agency Contribution to the Agency under the above-stated Repayment Schedule, then the amount so repaid to the Agency shall be provided by the Agency to the new Qualified Purchaser to assist with the new Qualified Purchaser’s purchase of the Unit. The assistance amount provided by the Agency to the new Qualified Purchase shall follow the same repayment schedule set forth in Section 2.3 above (except that the starting repayment amount shall be the sum actually provided as assistance for the new purchaser, not the original amount of the Agency Contribution provided to the initial Qualified Purchaser). This provision is intended to encourage initial Qualified Purchasers who sell their units to sell the units to other Qualified Purchasers to perpetuate the benefits of the Agency Contribution.

3. **ADDITIONAL RESTRICTIONS AND CONDITIONS.**

3.1 **OWNER OCCUPANCY.** All Workforce Housing Units shall be Owner-Occupied by the Qualified Purchaser as the primary residence of the Qualified Purchaser. Any exception to this requirement must be granted in writing by the Agency in the Agency’s sole discretion.

3.2 **RENTAL OF UNITS.** No Owner of a Workforce Housing Unit may rent or lease the Unit or any portion thereof unless the Agency, in its sole discretion, has provided prior written approval of such rental activity. Renting the Unit, in whole or in part, without the prior written approval of the Agency constitutes a breach of this Declaration and an event of default under the Deed of Trust described in Section 2.3 above. If the default is not cured by the owner of the Unit within thirty (30) days of the owner’s receipt of a notice of default from the Agency, the Agency shall have the right to collect the repayment amount that would be owed under the repayment schedule in Section 2.3 above as if a sale of the Unit had occurred at that time. The obligation to repay said amount is a personal obligation of the owner of the Unit, secured by the Deed of Trust. The Agency shall have the right to collect said payment obligation through court action, judicial foreclosure of the Deed of Trust, or nonjudicial foreclosure of the Deed of Trust. If approval to rent is granted in extenuating circumstances, the approved rental

term shall not total more than twelve (12) months, and the option shall not be exercised more than once by the same owner. In no circumstances are nightly or short-term (less than thirty (30) days) rentals of a Unit allowed.

- 3.3 DEED LANGUAGE.** All deeds conveying a Workforce Housing Unit shall include the following provision:

SUBJECT TO THE RESTRICTIONS AND PROVISIONS OF THAT CERTAIN "DECLARATION OF MODERATE-INCOME HOUSING DEED RESTRICTIONS" RECORDED ON _____ AS ENTRY NUMBER _____ IN THE RECORDS OF THE SALT LAKE COUNTY RECORDER.

- 3.7 NOTICE TO PROSPECTIVE PURCHASERS.** Prior to entering into a contract for the Sale of a Workforce Housing Unit, the selling Owner shall deliver to the prospective purchaser a copy of this Declaration and shall obtain the prospective purchaser's written acknowledgment of receipt. The failure to deliver such a copy shall not affect the validity or enforceability of this Declaration or of the covenants and restrictions set forth herein.

4. ENFORCEMENT OF DECLARATION.

- 4.1 REMEDIES AND ENFORCEABILITY.** Developer and the Agency acknowledge that the primary purpose for requiring compliance by Developer and by subsequent Owners of the Workforce Housing Units with the restrictions provided in this Declaration is to ensure that the purposes and goals of this Declaration are met. BY REASON THEREOF, DEVELOPER AND SUBSEQUENT OWNERS, IN CONSIDERATION OF THE AGENCY CONTRIBUTION AND THE DEVELOPER CREDIT AND OF SUBSEQUENT OWNERS' HAVING ACCESS TO INCOME TARGETED HOUSING, HEREBY AGREE AND CONSENT THAT THE AGENCY SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO OBTAIN SPECIFIC PERFORMANCE BY DEVELOPER AND SUBSEQUENT OWNERS OF THEIR OBLIGATIONS UNDER THIS DECLARATION IN THE THIRD JUDICIAL DISTRICT COURT FOR SALT LAKE COUNTY, STATE OF UTAH. Developer and subsequent Owners further specifically acknowledge that the Agency cannot be adequately compensated by monetary damages in the event of a violation of the restrictive covenants in, or the terms of, this Declaration.
- 4.2 NO IMPAIRMENT OF FIRST MORTGAGE.** No breach of this Declaration shall defeat, render invalid, or impair the lien of any mortgage or deed of trust made in good faith and for value and encumbering a Workforce Housing Unit; provided, however, that this Declaration shall remain in full force and effect and shall be binding upon any

purchaser at a foreclosure sale or trustee's sale, and upon any grantee under a deed in lieu of foreclosure, in each case subject to Section 5 below.

5. **AGENCY RIGHT TO PURCHASE UPON DEFAULT OF PURCHASE LOAN.** In the event an Owner defaults on repayment of the loan used to purchase a Workforce Housing Unit and secured by the Workforce Housing Unit (a "**Purchase Loan**"), the creditor having the right to demand repayment of the Purchase Loan (the "**Secured Creditor**") shall, prior to or simultaneously with the initiation of any foreclosure proceedings, provide notice to the Agency of the default in accordance with the notice requirements of Section 6.3. Thereafter, at any time prior to the trustee's sale in a non-judicial foreclosure, or entry of judgment in a judicial foreclosure, the Agency shall have the right to purchase the Purchase Loan for the Workforce Housing Unit. To purchase the Purchase Loan, the Agency shall give written notice to the Secured Creditor of the Agency's intent to exercise its right to purchase the Purchase Loan, and the Agency shall pay the Secured Creditor an amount calculated by the Secured Creditor under UCA § 57-1-31, plus the unpaid balance of the Purchase Loan.

6. **MISCELLANEOUS.**

- 6.1 **TERM OF DECLARATION.** The term of this Declaration shall commence on the Effective Date and shall continue in full force and effect for a period of up to sixteen (16) years from the Effective Date. Upon expiration of the term, the Agency shall, upon the written request of the then-current Owner and at no cost to the Owner other than recording fees, execute and record an instrument confirming the termination of this Declaration as to the applicable Unit.
- 6.2 **SEVERABLE OBLIGATIONS AND LIABILITIES.** The parties understand that the Workforce Housing Units will be owned by individual and distinct Owners. A subsequent Owner of any particular Workforce Housing Unit shall not be liable for, or encumbered by, the obligations or liabilities under this Declaration associated with any other Workforce Housing Unit or Owner. No Owner shall have any liability under this Declaration for any act, omission, or breach occurring before the Owner acquired title to the Unit or after the Owner conveyed title to the Unit.
- 6.3 **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, or sent by Federal Express or other similar courier service keeping records of deliveries and attempted deliveries. Such service by mail or courier shall be conclusively deemed made on the first business day delivery is attempted. The parties may change their respective addresses for the purpose of receiving notices or demands as herein provided by written notice given in the manner aforesaid to the others, which notice of change of address shall not become effective until actual receipt thereof by the others.

Any notice or demand to **Developer** shall be sent to the following address:

Edge Homes Utah, LLC
13702 South 200 West, B-12
Draper, Utah 84020
Attn: Steve Maddox, CEO

Any notice or demand to the **Agency** shall be sent to the following address:

The Redevelopment Agency of the City of Taylorsville
2600 W. Taylorsville Blvd.
Taylorsville, Utah 84129

Any notice or demand to an Owner shall be addressed to that Owner at the then-current mailing, notice, or delivery address shown on the records of the Salt Lake County Assessor for the particular Workforce Housing Unit.

- 6.4 SEVERABILITY.** Whenever possible, each provision of this Declaration shall be interpreted in such a manner as to be valid under applicable law. If any provision of this Declaration is invalid or prohibited under applicable law, such provision shall be ineffective to the extent of such invalidity or prohibition without invalidating the remaining provisions of this Declaration.
- 6.5 ATTORNEYS' FEES.** If the Agency takes or defends against any action for enforcement or any other relief arising out of this Declaration, and the Agency is the prevailing party in such action or defense, the Agency shall be entitled to reimbursement for all costs including, but not limited to, reasonable attorneys' fees and court costs incurred by the Agency in such action or defense and in enforcing any judgment granted therein, all of which costs shall be deemed to have accrued upon the commencement of such action or defense and shall be paid whether or not such action or defense is prosecuted to judgment.
- 6.6 CHOICE OF LAW.** This Declaration shall be governed by and construed in accordance with the laws of the State of Utah.
- 6.7 SUCCESSORS.** This Declaration shall run with the land and shall be binding upon all subsequent Owners of the Workforce Housing Units, as well as the heirs, successors, and assigns of subsequent Owners.
- 6.8 RECORDATION.** Upon execution and delivery of this Declaration by Declarant to the Agency (or to the title company facilitating the closing of the initial purchaser's purchase of the Unit), this Declaration shall be recorded and filed in the office of the Salt Lake County Recorder.

- 6.9 COVENANTS RUN WITH LAND.** Subjection to Section 6.1 above, Declarant intends, declares, and covenants, on behalf of itself, all future owners of the Workforce Housing Units, and all parties that obtain any interest in any Workforce Housing Unit, that this Declaration and the covenants and restrictions set forth herein, regulating and restricting the use, occupancy, rental, and transfer of the Units, shall be covenants running with the land and the improvements constituting the Units, for the benefit of the Agency, shall encumber the Units, and shall be binding upon Declarant, all subsequent Owners of the Workforce Housing Units, and any other party with an interest in any Unit.
- 6.10 NO ENCUMBRANCE OF OTHER PROPERTY.** This Declaration encumbers only the Workforce Housing Unit or Units described on Exhibit 1 and does not encumber, restrict, or otherwise affect any other portion of the Project or any other property owned by Declarant or Developer.
- 6.14 COUNTERPARTS.** This Declaration may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

"DECLARANT/DEVELOPER"

EDGE HOMES UTAH, LLC,
a Utah limited liability company

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF UTAH)

: ss.

COUNTY OF SALT LAKE)

On this _____ day of _____, 20____, personally appeared before me _____, whose identity is personally known to me (or proven on the basis of satisfactory evidence), and who by me duly sworn/affirmed, did say that he/she is the _____ of EDGE HOMES UTAH, LLC, a Utah limited liability company, and that said document was signed by him/her on behalf of said entity.

Witness my hand and official seal.

NOTARY PUBLIC

"AGENCY"

**THE REDEVELOPMENT AGENCY OF THE CITY OF TAYLORSVILLE,
a political subdivision of the State of Utah**

By: _____

Name: _____

Title: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM AND LEGALITY:

Agency / City Attorney

ACKNOWLEDGMENT

STATE OF UTAH)

: ss.

COUNTY OF SALT LAKE)

On this _____ day of _____, 20____, personally appeared before me _____, who being by me duly sworn, did say that he/she is the _____ of the REDEVELOPMENT AGENCY OF THE CITY OF TAYLORSVILLE, a political subdivision of the State of Utah, and that said instrument was signed on behalf of the Agency by authority of its governing board.

Witness my hand and official seal.

NOTARY PUBLIC

EXHIBIT 1

WORKFORCE HOUSING UNIT(S)

Unit / Lot: _____

Street address: _____

Salt Lake County Tax ID No.: _____

Maximum initial purchase price: \$ _____

Legal description:

[Insert the legal description of the Workforce Housing Unit, e.g.: Lot ____, SOLSTICE AT 54TH PHASE ____, according to the official plat thereof recorded in the office of the Salt Lake County Recorder on _____ as Entry No. _____ in Book _____ at Page _____.]

[If this Declaration covers more than one Workforce Housing Unit, repeat the foregoing information for each Unit.]