AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Deed Restrictions; Stallion Park, Estonian 201

Action Requested: Motion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

Please see the attached. These docs were prepared and approved by County Attorney David Baumgarten.

Fiscal Impact:

Submitted by: Katherine Haase **Submitter's Email Address:** khaase@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ○ Required ◉ Not Required

Comments:

Reveiwed by: Discharge Date: Certificate of Insurance Required

Yes ○ No ○

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 11/20/2020

◉ Consent Agenda ○ Regular Agenda ○ Worksession Time Allotted: 0

Agenda Date: 11/24/2020

Revised April 2015

GUNNISON COUNTY MASTER DEED RESTRICTION

THIS DEED RESTRICTION ("Restriction" or "Restrictions") is made this _____ day of _____, 2020, by the Board of County Commissioners of Gunnison County, Colorado, 200 East Virginia, Gunnison, Colorado 81230 (referred to herein as "Gunnison County" or "Grantor" or "Beneficiary" and shall include administrators, legal representatives, successors and assigns) and hereby imposes the deed restrictions specified herein on the real property specified herein.

1. Property Subject to Deed Restriction. The following real property (the "Property") is hereby made subject to these Affordable Housing Restrictions ("Restrictions"):

   Units 201 Building Estonian, STALLION PARK CONDOMINIUMS, according to the Condominium Map thereof recorded September 6, 2006 at Reception No. 568785, to the Condominium Declaration pertaining thereto recorded August 3, 2006 at Reception No. 567654 and according to the Condominium Declaration pertaining thereto recorded September 6, 2006 at Reception No. 568786, of the records of Gunnison County, Colorado

   Commonly known as **25 Elk Valley Road, Crested Butte, Colorado**

WHEREAS, Gunnison County, acting as the declarant, intends to create a valid and enforceable covenant running with the land that assures that all of a Unit hereby existing or to be developed on a Unit will be used solely by individuals who are either Qualified Owners or Qualified Occupants (as such terms are hereinafter defined), subject to limited exceptions provided for herein; and

WHEREAS, Gunnison County recognizes the public need for attainable and affordable housing for the workforce and working families of Gunnison County, particularly within the Gunnison Valley; and

WHEREAS, under this Restriction Gunnison County intends, declares, and covenants that the regulatory and restrictive covenants set forth herein governing the use of a Unit described and provided for herein shall be and are hereby made covenants running with the land and are intended to be and shall be binding upon Gunnison County, and all subsequent owners and/or tenants of such Property for the stated term of this Restriction, unless and until this Restriction is released and terminated in the manner hereafter described.

2. <u>Definitions</u>

   i. AREA MEDIAN INCOME (AMI) means the median income for Gunnison County adjusted for household size. as established and defined in the most recent annual schedule published by the U.S. Department of Housing and Urban Development (HUD).

   ii. CAPITAL IMPROVEMENT means any fixture erected as a permanent improvement to a

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Unit excluding repair, replacement, maintenance costs, and sweat equity.

iii. GUNNISON COUNTY shall mean the Board of County Commissioners of Gunnison County, Colorado.

iv. GUIDELINES mean the most current Gunnison Valley Regional Housing Authority Housing Guidelines or Gunnison County Housing Guidelines if the Gunnison Valley Regional Housing Authority ceases to exist or is replaced by some other entity, in effect at the time of closing on a sale or transfer of any or all of a Unit or at the commencement date of a lease or other occupation agreement, or its successor document, as amended from time to time and attached hereto as Exhibit A.

v. FIRST MORTGAGE means a deed of trust or mortgage that is recorded senior to any other deeds of trust or liens against any of all of the Units to secure a loan used to purchase any of all of the Units by a Mortgagee.

vi. HOUSEHOLD means one or more persons who intend to live together in any of the Units.

vii. HOUSING AUTHORITY means the Gunnison Valley Regional Housing Authority. Unless expressly stated otherwise in this Deed Restriction, "Housing Authority" shall refer to the Gunnison Valley Regional Housing Authority, except that if the Gunnison Valley Regional Housing Authority ceases to exist or is replaced by some other entity, "Housing Authority" shall refer to the County.

viii. MAXIMUM RESALE PRICE means the maximum Purchase Price that shall be paid by any purchaser of a Unit, other than the initial purchaser who acquires a Unit from Gunnison County that is determined in accordance with the provisions of Section 6.iii of this Restriction. The Maximum Resale Price is not a guaranteed price, but merely the highest price an Owner may obtain for the sale of a Unit.

ix. MORTGAGEE means any bank, savings and loan association, or any other institutional lender that is licensed to engage in the business of providing purchase money mortgage financing for residential real property and that is beneficiary of a deed of trust or mortgage encumbering a Unit.

x. NON-QUALIFIED OWNER or NON-QUALIFIED TRANSFEREE means an Owner that is not a Qualified Owner.

xi. NET WORTH means the estimated sum of the assets of the Qualified Owner or Qualified Occupant. The term *Asset* refers to liquid assets such as cash in savings, checking or other forms of bank accounts and stocks, bonds or other instruments that can readily be converted to cash. The most recent Assessed Value as provided by the applicable Assessor's Office will be used to determine the value of real estate holdings, regardless of set-offs by encumbrances, costs of sale or holding, or percent of ownership interest. Assets in a

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qualified retirement plan and other non-liquid assets such as personal belongings or intangible assets will not be included in the asset limitations for each income category.

xii. OWNER means Gunnison County and any subsequent buyer, heir, devisee, transferee, grantee, owner or holder of title to a Unit.

xiii. PURCHASE PRICE means all consideration paid by the purchaser to the seller for a Unit.

xiv. QUALIFIED OWNER means a natural person who meets the following requirements at the time that he/she takes initial ownership interest or transfer of interest in a Unit as qualified by Gunnison County:

a. Has maintained his/her primary and sole residence in Gunnison County, Colorado for six (6) consecutive months immediately preceding taking initial ownership or transfer of interest in a Unit or has a qualified employment contract with an employer in Gunnison County that has been accepted by Gunnison County; and

b. Has earned his/her primary (80% or more) source of income working a minimum of 30 hours per week on an annual basis, as documented with the United States Internal Revenue Service, within Gunnison County, or has a qualified employment contract with an employer in Gunnison County that has been accepted by Gunnison County; and

c. Except as provided for in Section 4.i.b. and 4.1.c., does not own any interest in other improved residential property(s). A purchaser who owns residential real estate must convey all interest in said residential property(s) prior to taking initial ownership or transfer of interest of a Unit; and

d. A qualified household shall not have a net worth that exceeds four (4) times the income based on the AMI applicable to actual household size of a prospective purchaser, such AMI set by HUD annually and adjusted for household size.

e. Income restrictions are applicable at the time of qualification and shall be verified by Gunnison County. Income guidelines are based on the Area Median Income (AMI) set by HUD annually and adjusted for household size. At the time of initial ownership or transfer of interest the combined household income shall not be less than 70% of AMI and shall not exceed 160% of AMI; and

f. Shall occupy the subject Unit as his/her sole and exclusive primary residence at all times during the ownership of a Unit.

xv. QUALIFIED OCCUPANT means a person who meets the following requirements at the

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time he or she takes initial occupancy of a Unit as qualified by Gunnison County:

a. Has maintained primary and sole residence in Gunnison County, Colorado for three consecutive months immediately preceding taking initial occupancy of a Unit or has a qualified employment contract with an employer in Gunnison County that has been accepted by Gunnison County; and

b. Has earned his/her primary (80% or more) source of income working a minimum of 30 hours per week on an annual basis, as documented with the United States Internal Revenue Service, within Gunnison County, or has a qualified employment contract with an employer in Gunnison County that has been accepted by Gunnison County; and

c. Except as provided for in Section 4.i.a. and 4.i.c., does not own any interest in other improved residential property(s). An occupant who owns residential real estate must convey all interest in said residential property(s) prior to taking initial occupancy of the subject Unit; and

d. A qualified household shall not have a net worth that exceeds two (2) times the income based on the AMI applicable to actual household size of a prospective occupant, such AMI set by HUD annually and adjusted for household size; and

e. Income restrictions are only applicable at the time of occupancy and shall be verified by Gunnison County. Income restrictions are based on the Area Median Income (AMI) set by HUD annually and adjusted for household size. At the time of initial occupancy, the combined household income shall not be less than 80% of AMI and not exceed 160% of AMI; and

f. Shall occupy the subject Unit as his/her sole and exclusive primary residence.

xvi. TRANSFER means an act of a party, or of the law, by which the title to the subject Unit is wholly or partially transferred to another; including but not limited to the sale, assignment voluntary, involuntary or by operation of law (whether by deed, contract of sale, gift, devise, bequest, trustee's sale, deed in lieu of foreclosure, or otherwise) of any interest in the subject Unit, including but not limited to a fee simple interest, a joint tenancy interest, a tenancy in common, a life estate, a leasehold interest or any interest evidenced by a land contract by which possession of the subject Unit is transferred and Owner retains title, except that, this definition does not include any transfer of an interest by Gunnison County.

If reviewed and approved in writing by Gunnison County prior to occurrence the following transfer(s) are exceptions to the definition, provided that the new Owner, other than an estate, shall use a Unit as his/her principal residence:

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a. A transfer resulting from the death of an Owner where the transfer is to the spouse or domestic partner who is also a Qualified Owner.

b. A transfer resulting from a decree of dissolution of marriage or legal separation or from a settlement incidental to such a decree by which a transfer is made to a spouse who is also a Qualified Owner.

3. Restriction Runs with the Land. This Restriction shall constitute covenants running with title to the subject Unit as a burden thereon, for benefit of, and enforceable by, Gunnison County, and their successors and assigns, and this Restriction shall bind Gunnison County and all subsequent Owners and tenants of the subject Unit. Each Owner and Qualified Occupant, upon acceptance of a deed or lease to the subject Unit, shall be personally obligated hereunder for the full and complete performance and observance of all covenants, conditions, and restrictions contained herein during the Owner's period of ownership or Qualified Occupant's tenancy, as may be appropriate. Each and every Transfer or lease of the subject Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants contained in this Restriction, even without reference to this Restriction in any document of conveyance.

4. Ownership, Use, Occupancy and Rentals.

i. Ownership.

a. Qualified Owner(s). The ownership of the subject Unit is hereby, and shall henceforth be, limited exclusively to Qualified Owner(s) which shall include the parties described and approved as set forth in Section 4.ii. In the event that the subject Unit is occupied without compliance with this Restriction, Gunnison County shall have the remedies set forth herein, including but not limited to the rights under Section 8 herein.

b. Employee Housing. Upon the written consent of Gunnison County, which consent may be recorded, a non-qualifying natural person or entity that owns or operates a business located in and serving the county may purchase the subject Unit, provided, however, that by taking title to the subject Unit, such Owner shall be deemed to agree to the rental restrictions set forth herein, and further that any Owner who does not meet the definitions of both a Qualified Owner and Qualified Occupant shall rent the subject Unit to a natural person(s) who does meet the definitions of a Qualified Occupant, and shall not occupy or use the subject Unit for such Owner's own use or leave the subject Unit vacant except as otherwise provided herein.

c. Rental Projects. Upon the written consent of Gunnison County, which consent may be recorded, a non-qualifying natural person or entity may own the subject Unit for the purpose of operating a rental project. However, by taking title to the subject Unit, such Owner shall be deemed to agree to the rental restrictions set forth herein, and further that any Owner who does not meet the definitions of both a Qualified Owner and Qualified Occupant shall rent the subject Unit to a natural person(s) who does

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meet the definitions of a Qualified Occupant, and shall not occupy or use the property for such Owner's own use or leave the subject Unit vacant except as otherwise provide herein.

ii. Use and Occupancy. Except as provided for in Section 4.i.b and 4.i.c here in, the use and occupancy of the subject Unit is hereby, and shall henceforth be, limited exclusively to Qualified Owner(s) or Qualified Occupant(s), his or her spouse and child(ren) and other immediate family members.

iii. Rental of Property.

a. Qualified Owner(s). An Owner may not, except with prior written approval of Gunnison County' conditions of approval, rent a Unit to a Qualified Occupant(s) for no less than six (6) months and no more than one (1) year and occurring not more than once every five (5) years. All rentals must comply with the current Guidelines.

b. Employee Housing. A non-qualifying natural person or entity that owns a Unit, pursuant to Section 4.i.b, may rent a Unit for any period of time. All renters must be Qualified Occupants. Any occupancy of a Unit pursuant to sections 4.i.b and 4.iii.b shall not exceed two persons per bedroom, unless Gunnison County approves otherwise.

c. Rental Projects A non-qualifying natural person or entity that owns a Unit, pursuant to Section 4.i.c, may rent a Unit for any period of time. All renters must be Qualified Occupants. Any occupancy of a Unit pursuant to Sections 4.i.c and 4.iii.c shall not exceed two persons per bedroom, unless Gunnison County

iv. Roommates. The requirements of this Restriction shall not preclude the Owner from sharing occupancy of a Unit with non-owners on a rental basis provided that the non-owner(s) is also a Qualified Occupant. Owner continues to occupy a Unit as his/her sole and primary residence and meets the obligations contained in this Restriction, including the definition of Qualified Owner or Qualified Occupant. Short-term rentals/roommates are strictly prohibited.

v. No Indemnification or Waiver of Immunity. Nothing herein shall be construed to require Gunnison County to protect or indemnify the Owner against any losses attributable to a rental including, but not limited to, non-payment of rent or damages to a Unit; nor to require Gunnison County to obtain a Qualified Occupant for the Owner in the event that none is found by the Owner. In addition, nothing herein shall be construed as a waiver by Gunnison County of governmental immunity provided by the Colorado Governmental Immunity Act or other applicable law.

vi. Initial Finance and Refinance Restriction.

a. At the time of the purchase of a Unit the original principal amount of any

indebtedness secured by a First Mortgage shall not exceed an amount equal to one hundred percent (100%) of the Purchase Price paid for a Unit by that Owner, subject to the Guidelines.

b. An Owner may refinance a First Mortgage that encumbers a Unit with the consent of Gunnison County; provided, however, that the original principal amount of any refinanced indebtedness secured by a First Mortgage shall not exceed an amount equal to ninety-seven percent (97%) of the then current Maximum Resale Price limit.

vii. Ownership Interest in Other Residential Property. Except with respect to a Non-Qualified Owner permitted to purchase a Property as set forth in Section 4, if at any time the Owner also owns any interest alone or in conjunction with others in any other developed residential property in or out of the County, the Owner shall immediately list such other property interest for sale and sell his or her interest in such property. In the event said other property has not been sold by the Owner with.in one hundred twenty (120) days of its listing required hereunder, then the Owner shall immediately list his or her Property for sale pursuant to Section 8.v. of this Restriction. In the case of an Owner whose business is the construction and sale of residential properties or the purchase and resale of such properties, the properties that constitute inventory in such Owner's business shall not constitute "other developed residential property" as that term is used in this Section 4.vii. provided that the Owner is not occupying any of the inventoried properties for residential or commercial purposes.

viii. Compliance. Any Owner of a Unit is required to comply with annual certifications to Gunnison County that they are in compliance with the requirements of this Restriction. The Housing Authority acknowledges and recognizes that the income and net worth of a Qualified Owner or Qualified Occupant may increase over time, however, such increases over the maximum income and net worth requirements at initial purchase or occupancy shall not constitute a default of this Restriction.

ix. Any owner or prospective buyer must agree to and execute the Notice of Lien form attached hereto as Exhibit B.

5. Initial Purchase Price. Upon completion of construction of a Unit, a Unit shall be sold to a Qualified Owner, except as provided for in Section 4.i. of this Restriction, at an affordable Purchase Price as determined by the Guidelines.

6. Transfer of Property.

i. Resale. No Transfer of a Unit shall occur subsequent to the original purchase from the County or Gunnison County, except upon full compliance with the procedures set forth in this Section 6. In the event a Unit is sold and/or conveyed without compliance with this Restriction, such sale and/or transfer shall be wholly null and void and shall confer no title whatsoever upon the purported buyer.

ii. Notice of Intent. A Unit shall not be sold or transferred without prior submission by the Qualified Owner to the Housing Authority of a written Notice of Intent to Sell or Transfer Affordable Housing Unit as set forth in Exhibit C attached hereto.

iii. Maximum Resale Price.

a. The initial purchase price of a Unit shall be the basis for calculating the Maximum Resale Price in accordance with this Restriction and the Guidelines in effect at the time of listing a Unit for sale.

b. The Maximum Resale Price of a Unit shall be limited to be no more than the following calculation:

The Maximum Resale Price may not exceed the sum of: (i) the Purchase Price paid by the Owner for a Unit, plus: (ii) an increase of two percent (2%) of such Purchase Price per year (prorated at the rate of 1/12 for each whole month, but not compounded annually) from the date of the Owner's purchase of a Unit to the date of the Owner's Notice of Intent to Sell a Unit; plus (iii) an amount equal to any special improvement district assessments, if applicable and not transferable, paid by the seller during the seller's ownership of a Unit; (iv) the cost of Permitted Capital Improvements made to a Unit by the Owner as set forth in Exhibit D attached hereto.

c. Permitted Capital Improvements. The amount for Permitted Capital Improvements shall not exceed ten per cent (10%) of the original purchase price for an initial ten (10) year period. For every ten (10) year period from the date of the original purchase and Covenant, another ten (10) per cent of the purchase price may be added to the value of a Unit for Capital Improvements. In calculating such amount, only those Permitted Capital Improvements identified in Exhibit C hereto shall qualify for inclusion. Seller's contributed labor or "sweat equity" shall not be part of the cost of an eligible improvement.

d. Pursuant to the Guidelines, each Owner shall be responsible for ensuring that at the Transfer of his or her Property, the same is clean, the appliances are in working order, and that there are no health or safety violations regarding a Unit. Prior to the sale of a Unit Gunnison County is authorized to take necessary actions and incur necessary expenses for bringing a Unit into saleable condition. Such actions and expenses include, but are not limited to, cleaning a Unit and making necessary repairs to or replacements of appliances and/or Property fixtures, such as windows, doors, cabinets, countertops, carpets, flooring and lighting fixtures, and/or correcting any health or safety violations on a Unit. Expenses incurred by

Gunnison County to bring a Unit into a saleable condition shall be itemized and documented by the Housing Authority and deducted from the Owner's proceeds at closing of the Transfer of a Unit.

e. No Owner shall permit any prospective purchaser to assume any or all of the Owner's closing costs. No Owner shall accept anything of value from a prospective purchaser except for the Maximum Resale Price before, during or after closing of the Transfer of a Unit.

f. Nothing in this Restriction represents or guarantees that a Unit will be re-sold at an amount equal to the Maximum Resale Price. Depending upon conditions affecting the real estate market, a Unit may be re-sold for less than the Maximum Resale Price.

iv. Beneficiary Right to Acquire Ownership - Right of First Refusal. The initial Owner and each subsequent Owner shall not transfer a Unit, or any part thereof, without first offering same to Gunnison County for purchase. Gunnison County shall have a right of first refusal to purchase a Unit as follows:

a. If an Owner receives any offer to purchase or enders any offer of sale for a Unit for any amount less than or equal to the Maximum Resale Price, Gunnison County shall have the absolute right of the first refusal to purchase a Unit at the offered sales price. This right of first refusal will first be granted to the county, using the form attached here to as Exhibit E, and then the Gunnison Valley Regional Housing Authority, using the form attached hereto as Exhibit F, only if the County does not exercise its right of first refusal.

b. Gunnison County shall have the option to exercise its right of first refusal, with the County prevailing as detailed in 6.iv.a., by executing a written and binding commitment to purchase a Unit within twenty-on (21) days after Gunnison County receives written Notice of Intent to Sell or Transfer Affordable Housing Unit by Owner. The commitment to buy shall set a closing date within a reasonable period of time.

c. Gunnison County shall have the right to inspect a Unit prior to exercising its right of first refusal. If a Unit is damaged there shall be a decrease in the sales price of a Unit equal to the amounts necessary to bring a Unit into saleable condition as reasonably determined by Gunnison County, including but without limitation cleaning, painting, replacing worn carpeting and draperies; making necessary structural, mechanical, electrical and plumbing repairs; and repairing or replacing built-in appliances and fixtures.

d. In the event Gunnison County executes a written and binding commitment to purchase a Unit within said twenty-one (21) day period, this right of first refusal shall expire.

e. If the Owner does not sell or otherwise transfer a Unit, the terms and conditions of this right of first refusal shall again apply to any subsequent sale or transfer of a Unit.

f. The right of first refusal shall be in full force and effect from the date of initial sale in perpetuity. Any sale or attempted transfer of a Unit effected without first giving Gunnison County the right of first refusal described above shall be wholly null and void and shall confer no title whatsoever upon the purported buyer.

v. Beneficiary Made Whole. No transfer of a Unit shall occur unless and until each and every encumbrance, debt or liability owed by the Owner to Gunnison County is fully satisfied.

7. Foreclosure

i. It shall be a breach of these Restrictions for an Owner to default in the payments or other obligations due or to be performed under a promissory note secured by deed of trust encumbering a Unit. The Owner hereby agrees to notify Gunnison County, in writing, of any notification Owner receives from a lender, or its assigns, of past due payments or default in payment or other obligations due or to be performed under a promissory note secured by a deed of trust, as described herein, within five (5) calendar days of Owner's notification from lender, or its assigns, of said default or past due payments

ii. Upon receipt of notice as provided herein, Gunnison County shall have the right, in its sole discretion, to solely or jointly cure the default or any portion thereof, thereby becoming the Curing Party. In such event, the Owner shall be personally liable to the Curing Party for past due payments made by the Curing Party, together with interest thereon at the rate specified in the promissory note secured by the deed of trust, plus one (1) per cent, and all actual expenses of the Curing Party incurred in curing the default. In the event the Owner does not repay the Curing Party within sixty (60) days of notice that the Curing Party has cured the Owner's default, the Owner agrees that the Curing Party shall be entitled to a lien against a Unit to secure payment of such amounts. Such a lien may be evidenced by a notice of lien setting the amounts due and rate of interest accruing thereon, and such notice of lien may be recorded in the real property records of Gunnison County, Colorado, until such lien is paid and discharged. The Curing Party shall have the additional right to bring an action to foreclose on a Unit for the payment of the lien set forth in this section 7.ii.

iii. In the event of a foreclosure on a promissory note secured by a first deed of trust on a Unit, or any Property, and the issuance of a public trustee's deed by the holder of such note and deed of trust ("Holder"), or the acceptance by Holder of such note and deed of trust or a deed in lieu of foreclosure of a Unit, and Holder's subsequent recordation of the same in the Office of the Gunnison County Clerk and Recorder, Gunnison County may acquire a Unit by exercising that certain "Option to Purchase," the copies of which is attached hereto as Exhibits E and F. In the event that the Option is not exercised by Gunnison County, this Deed Restriction shall be released and shall be of no further force or effect.

8. Default/Breach

i. In the event Gunnison County has reasonable cause to believe an Owner is violating the provisions of these Restrictions, that entity, through its authorized representatives, may inspect a Unit between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday, after providing the Owner with no less than 24 hours written notice.

ii. The respective Beneficiary shall send a notice of violation to the Owner, with a copy to the other Beneficiary, detailing the nature of the violation and allowing the Owner fifteen (15) days to determine the merits of the allegations, or to correct the violation. In the event the Owner disagrees with the allegation of violation of these Restrictions, the Owner may request, in writing, a hearing before the Gunnison Valley Regional Housing Authority Grievance and Appeals Committee or some similar body convened by the County if the Gunnison Valley Regional Housing Authority Grievance and Appeals Committee ceases to exist or is replaced. If the Owner does not request a hearing and the violation is not cured within the fifteen-day period, the Owner shall be considered in violation of these Restrictions.

iii. Whenever these Restrictions provide for a hearing before the Gunnison Valley Regional Housing Authority Grievance and Appeals Committee, such hearing shall be scheduled by Gunnison County within twenty-one (21) days of the date of receipt of a written request for a hearing. At any such hearing, the Owner or other aggrieved party may be represented by counsel and may present evidence on the issues to be determined at the hearing. An electronic record of the hearing shall be made, and the decision of Gunnison County shall be a final decision, subject to judicial review.

iv. There is hereby reserved to the parties hereto any and all remedies provided by law for breach of these Restrictions or any of its terms. In the event the parties resort to litigation with respect to any or all provisions of these Restrictions, the prevailing party shall be awarded its damages, expenses and costs, including reasonable attorney's fees.

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v. In the event a Unit is sold and/or conveyed without compliance with the terms of these Restrictions, such sale and/or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported buyer. Each and every conveyance of a Unit, for all purposes, shall be deemed to include and incorporate by this reference the covenants herein contained, even without reference therein to these Restrictions.

vi. In the event an Owner fails to cure any breach of these Restrictions, Gunnison County may resort to any and all available legal or equitable actions, including but not limited to specific performance of these Restrictions, an injunction against future sale(s) in violation of these Restrictions, or eviction of noncomplying owners and/or occupants.

vii. Eliminating Resale Gain. In the event of a breach of any of the terms or conditions contained herein by an Owner, his or her heirs, successors or assigns, the Owner's initial purchase price of a Unit shall, upon the date of such breach as determined by Gunnison County, automatically cease to increase as set out in Section 6.iii. of this Restriction, and shall remain fixed until the date of cure of said breach or until the Owner repays the Curing Party.

9. In the event of a dispute regarding interpretation, enforcement or otherwise of this Restriction or any portion of it, the position of Gunnison County shall prevail.

10. General Provisions

i. These Restrictions shall constitute covenants running with the Real Property as a burden thereon, for the benefit of, and shall be specifically enforceable by Gunnison County and/or its respective successors and assigns, as applicable. Enforcement by any appropriate legal action may include, but is not limited to specific performance injunction, reversion, or eviction of noncomplying owners and/or occupants.

ii. Equal Housing Opportunity. Pursuant to the Fair Housing Act and each of the public policy, the Housing Authority shall not discriminate on the basis of race, creed, color, sex, national origin, familial status, disability or sexual orientation in the lease, sale, use or occupancy of a Unit.

iii. Waiver of Exemptions. Every Owner, by taking title to a Unit, shall be deemed to have subordinated to this Restriction any and all right of homestead and any other exemption in, or with respect to, such Property under state or federal law presently existing or hereafter enacted.

iv. Any notice, consent, approval, or request which is required to be given by any party hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with postage fully prepaid, to the address provided herein or to

the address of the Owner. The Owner shall also notify, in writing, Gunnison County of any change in address.

To Gunnison County:	Gunnison County Manager 200 E. Virginia Avenue Gunnison, Colorado 81230 Fax: 970-641-3061
To GVRHA:	Gunnison Valley Regional Housing Authority 202 E. Georgia Avenue Gunnison, CO 81230
To Owner:	_____ _____ _____ _____ _____
To Subsequent Owners:	At the address maintained in the records of the Gunnison County Assessor's office

v. Whenever possible, each provision of these Restrictions and any other related document shall be interpreted in such manner as to be valid under applicable law; but if any provision of these Restrictions 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.

vi. These Restrictions and each and every related document is to be governed and construed in accordance with the laws of the State of Colorado.

vii. 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.

viii. Owners and subsequent owners agree that he or she shall be personally liable for their participation in any of the transactions contemplated herein and that he or she will execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of these Restrictions or any agreement or document relating hereto or entered into in connection herewith.

ix. Any modifications of these Restrictions shall be effective only when made by a duly executed instrument by Gunnison County and an Owner and recorded with the Clerk

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and Recorder of Gunnison County, Colorado. Notwithstanding the foregoing, the Parties agree that Gunnison County may amend these Restrictions where deemed necessary to effectuate the purpose and intent of these Restrictions.

EXECUTED, this _____ day of _____, 2020.

GUNNISON COUNTY BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY, COLORADO

By:_____
Jonathan Houck, Chairperson

By:_____
Roland Mason, Vice Chairperson

By:_____
Elizabeth Smith, Commissioner

ATTEST: _____ _____
Deputy County Clerk Date

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EXHIBIT A

GVRHA AFFORDABLE HOUSING GUIDELINES

Adopted by GVRHA Board of Directors April 13, 2020

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MISSION AND VISION STATEMENTS & PURPOSE

"The Gunnison Valley Regional Housing Authority's mission is to advocate, promote, plan and provide the long-term supply of desirable and Affordable Housing in Gunnison County in order to maintain a well-rounded community."
GVRHA Mission Statement Adopted January 16, 2013

"Our vision is to support the quality of life and economic vitality of the unique communities in the Gunnison Valley by increasing housing choices and opportunities for our local residents."
GVRHA Vision Statement Adopted April 10, 2019

It is the intent of the Regional Housing Authority to provide Affordable Housing opportunities for persons who are currently or have actively been employed or self-employed in Gunnison County, and who also provide goods and services to individuals, businesses or institutional operations in Gunnison County.

Periodically the Gunnison Valley Regional Housing Authority ("GVRHA") establishes these Guidelines that govern the development of, admission to and occupancy of deed-restricted Affordable Housing units for residents throughout Gunnison County. These Guidelines support the GVRHA's goals and are not intended to supersede Codes of Gunnison County, the City of Gunnison, the Town of Crested Butte, the Town of Mt. Crested Butte and the International Building Code.

These Affordable Housing Guidelines respond to housing needs in communities throughout Gunnison County. The Guidelines are used to:

Review Land Use Applications
Establish Affordable Housing Income Categories
Establish Affordable Housing Rental Rates
Establish Affordable Housing Sales Prices
Establish Criteria for Qualifying and Occupancy of Units
Provide Information, Support and Process for Developing Affordable Housing
Provide information on Monitoring and Compliance

NOTE: These Affordable Housing Guidelines will remain in effect until such time as the Board of Directors for the Gunnison Valley Regional Housing Authority Board approve new or amended Guidelines.

GUNNISON VALLEY REGIONAL HOUSING AUTHORITY PLAN

The Guiding Principles and Housing Goals and Objectives for the Gunnison Valley, as stated in

the GVRHA Regional Housing Plan adopted by the Board of Directors April 10, 2019 will be reviewed and revised by the GVRHA Board of Directors on a periodic basis. The GVRHA will promote equal opportunity in housing throughout Gunnison County.

PART I: INCOME CATEGORIES, EMPLOYMENT, ASSET AND RESIDENCY REQUIREMENTS

These Guidelines identify categories of income levels for Gunnison County Households for the purpose of establishing initial sales prices and rental rates for new housing. These categories correlate to income levels by Household size provided by the US Dept of Housing and Urban Development (HUD) and the U.S. Census Bureau known as Area Median Income (AMI) for Gunnison County on an annual basis. The GVRHA will post the annual AMIs on their website when made available by HUD.

SECTION I: INCOME CATEGORIES

Category 1	Very-Low Income Limits	≤ 50% AMI
Category 2	Low Income Limits	≥ 51% - ≤ 80% AMI
Category 3	Moderate Income Limits	≥ 81% - ≤ 100% AMI
Category 4	Middle Income Limits	≥ 101% - ≤ 120% AMI
Category 5	Upper Income Limits	≥ 121% - ≤200% AMI

Determining Household Size

HUD's AMI categories are further defined by Household size. For the purpose of calculating initial sales prices, the Household size will be calculated by using one and one-half (1.5) persons per bedroom of the unit to be built. For the purpose of establishing rental rates, the number of bedrooms of the rental unit will determine Household size.

SECTION 2: INCOME TESTING AND INCOME CALCULATION

Income testing refers to the verification of the annual Household income of a prospective purchaser or tenant who wishes to qualify for a deed restricted unit. Income testing shall only be done at the time of qualification for initial purchase or initial occupancy of the unit by a Household, and at every subsequent sale or Transfer of occupancy of the deed restricted unit.

Household income should be calculated using a standard method for all prospective purchasers and tenants of Affordable Housing restricted to a certain income category. These Guidelines require using gross income from each Household member's tax returns. For Households with more than one tax return filer, the gross income for each filer will be added together to arrive at the Household's income.

Documentation

The GVRHA may request the following documentation to calculate income using the gross income method.

Persons employed by others:

- Most recent 2 years complete personal federal tax returns with all schedules attached
- Most recent 2 years W-2s from all employers
- Most recent 2 consecutive paystubs from each employer
- Employer Verification of Employment

Persons with some form of self-employment:

- Most recent 2 years complete personal federal tax returns with all schedules attached
- Most recent 2 years W-2s from all employers
- Employer Verification of Employment
- Most recent 2 years business tax returns:
  - Partnership – K-1 and 1065
  - S-Corporation – K-1 and 1120S
  - Corporation – 1120 (including W-2's and 2 most recent paystubs)

Persons with unearned income:

- Most recent 'award letter' stating the monthly or annual Gross Income received (SSI, SSDI, VA benefits, etc)

Persons newly employed and/or with no previous tax returns:

- Evidence of income to be earned (employment contract, written verification from new employer of income to be earned, etc)
- Most recent consecutive business and personal bank statements from start of business

Under certain circumstances the GVRHA may require other, non-traditional forms of documentation to accurately calculate gross household income.

All income documentation and the information contained therein will remain confidential.

Calculating gross income:

All income reported to the IRS, whether taxable or not, may be included in the Household gross income calculation as long as it can be determined that it has a strong likelihood of continuing in the future. Income from the following sources will be calculated using the following

methods:

"Salaried Income" – this is income earned by working for a separate entity whether the employee is considered 'exempt' or not. Income reported on the previous 2 years' W-2s in Box 3 "Social Security Wages" will be averaged over the time period covered by the W-2. This will allow for the inclusion of variable wages earned such as overtime, bonus, hazard pay, tips, etc. that are taxed by the employer.

"Self-employed Income" – this is income/(loss) earned from a business that the Household member has some ownership interest in. Partnerships, S-Corporations LLCs and Sole Proprietorships are included here. Income/(loss) reported as taxable income on the business tax return or reported on a Schedule K-1 as income/(loss) to the Household member will be averaged for the most recent 2 years.

"Unearned Income" – this is income generated through no effort of the Household member and includes pension, annuity, dividends, retirement, alimony or separate maintenance payments, unemployment compensation and Social Security benefits. Variable sources of income will be averaged over the most recent 2 years. Non-variable sources will use the amount as stated on the appropriate documentation. Any income derived from these sources that will not continue past the purchase of an Affordable Housing unit will not be included in the adjusted total income calculation.

"Rental Income" – net income/(loss) earned from investment properties will be averaged over the past 2 years using income/(loss) as reported on Schedule E. If the relevant Deed Restriction does not allow for ownership of other improved real estate, this income will not be included in the gross income, and disposal of the associated property(s) must be verified.

"Capital Gains/(Losses) – income generated from capital gains/(losses) as reported on Schedule D will be included only if it is apparent that it is a regular activity of the Household member and is from the sale of short-term and/or long-term Assets.

"Non-Occupying Owners" – income from persons taking an ownership interest in a deed restricted unit with a prospective purchaser for the sole purpose of enhancing the credit-worthiness of the prospective purchaser will not be included in the Household gross income. Such non-occupying owners must be an immediate family member or a family member once-removed (aunts, uncles, grandparents, in-laws), otherwise their income will be included in the Household gross income.

SECTION 3: ASSET TESTING AND LIMITATIONS

Asset testing refers to the verification of economic resources that contribute to a Household's net worth. The term *Asset* refers to liquid assets such as cash in savings, checking or other forms of bank accounts and stocks, bonds or other instruments that can readily be converted to

cash. The most recent Total Actual Value as provided by the applicable Assessor's Office will be used to determine the value of real estate holdings, regardless of set-offs by encumbrances, costs of sale or holding, or percent of ownership interest. Assets in a qualified retirement plan and other non-liquid Assets such as personal belongings or intangible Assets will not be included in the asset limitations for each income category.

Asset testing and valuation shall only be done at the time of application for qualification of a Household to initially purchase or occupy a unit, or to enter into a lottery to purchase a unit and at every subsequent sale or Transfer of occupancy of the unit thereafter.

Documentation to verify the value of an asset will be determined by the type of asset; the GVRHA reserves the right to request documents deemed necessary and appropriate to calculate a Household's net worth.

Household Net Worth Limitations:

Category 1	Very-Low Income	≤ 2 times the AMI based on actual Household size
Category 2	Low Income	≤ 2 times the AMI based on actual Household size
Category 3	Moderate Income	≤ 3 times the AMI based on actual Household size
Category 4	Middle Income	≤ 3 times the AMI based on a 3-person Household
Category 5	Upper Income	≤ 3 times the AMI based on a 3-person Household

Note: Middle and upper income capped at 3 p HH because ave HH size in the County is 2.4

Prohibitions on Ownership of other Real Estate

Qualified Owners and Qualified Occupants in Income Categories 1 – 5 are not permitted to own other improved residential real estate. Improved residential real estate includes stick-built homes, and mobile and manufactured housing on a permanent foundation or with utilities. If such property is owned, the purchaser must list for sale, at competitive market prices, the residential real estate or mobile home prior to closing on the Affordable Housing unit and must still meet the asset/income limitations as set forth in Part I Section 3 herein. Upon the sale, a copy of the recorded warranty deed must be provided to the GVRHA. If the property is not sold by the time of closing on the deed-restricted property, it must remain listed until sold. If the other property has not sold within 180 days of the purchase of the deed-restricted unit, the owner must list and sell the deed-restricted unit according to the terms of the Deed Restriction or these Guidelines, whichever prevails.

SECTION 4: EMPLOYMENT AND RESIDENCY REQUIREMENTS

The primary purpose and intent of the GVRHA's Affordable workforce housing programs is to provide housing that is Affordable to local wages. To achieve this the cost of construction of or

acquisition of workforce housing must be subsidized in some manner by the GVRHA's member jurisdictions, therefore it is appropriate that local employment restrictions be placed on each housing unit through a Deed Restriction.

Considerations may be made to provide flexibility from the local employment requirement to address unique situations such as: 1) residents that work from home, 2) persons retiring in their home, 3) Disabled Persons, and 4) persons who have involuntarily lost their employment in Gunnison County.

Minimum Employment Requirements

At the time of initial ownership or occupancy of Affordable workforce housing units and at all times during ownership or occupancy thereafter, at least one person who resides in the home shall be employed within Gunnison County at a minimum of 30 hours per week on average on an annual basis. Persons who have an annual employment contract that exceed this hourly requirement on a weekly basis may be permitted to have seasonal periods of non-employment, such as persons employed by school districts or other educational facilities, so long as their total employed hours equal or exceed 1,560 hours per year.

"Employed within Gunnison County" shall mean that the person earns at least eighty percent (80%) of their gross income from a business or organization operating in and serving the County and its residents.

Other Considerations

"Priority for Employees by Area or Occupation" – to facilitate reductions in traffic and automobile use throughout the County, persons employed within a specific geographic area proximate to the proposed development may be given priority in the purchase or rental of Affordable workforce housing when determined necessary or desirable by the governing jurisdiction. To facilitate the inclusion of Essential Service Workers within a certain geographic location, such persons as defined herein may be given priority in the purchase or rental of Affordable workforce housing when determined necessary or desirable by the governing jurisdiction.

"Residents that Work from Home" – the GVRHA may determine that residents who work from home satisfy the local employment criteria if evidence is submitted demonstrating that the work provides a product or service, or other significant direct benefit to the residents of the County and/or an existing local business. If the work, product, service or other benefit does not directly serve the residents of the County and could be performed anywhere, approval to purchase and/or occupy subsidized workforce housing may be denied.

"Persons Retiring in Their Home" – Qualified Owners as defined herein, who wish to retire and continue to own or occupy their workforce housing must score 25 out of a possible 30 points based on the following criteria:

10 Points Must have been employed in Gunnison County for seven (7) continuous years prior to retirement. If employment is less than 7 years, no points are awarded.

10 Points Must have owned and/or occupied their workforce housing for 7 continuous years. If owned or occupied less than 7 years, 1 point shall be deducted for every year less than seven (7).

10 Points Must be 65 years of age or older. If retiring earlier than age 65, deduct 1 point for every year below age 65.

All other requirements for qualification contained in a Deed Restriction must be met.

"Disabled Persons" – Qualified Residents who become disabled after commencement of ownership or occupancy of a workforce home and such disability prevents them from meeting the minimum employment or retirement requirements set forth herein, shall be permitted to remain in their home for a period of occupancy authorized by the governing jurisdiction.

"Involuntary Loss of Local Employment" – Qualified Residents who no longer meet the minimum employment requirements through no action of their own, may be approved to continue to own and/or occupy their workforce housing so long as they are approved in writing by the GVRHA based upon criteria including, but not limited to: 1) percent of total income earned in Gunnison County, 2) place of voter registration, 3) place of automobile registration and driver's license address, 4) length of residency within Gunnison County, 5) Dependent(s) attendance at local educational institutions, and 6) other qualifications established by the GVRHA from time to time. Compliance with each of these criteria is not necessary; the GVRHA shall consider the criteria cumulatively as they relate to the purpose and intent of the workforce housing.

Minimum Residency Requirements

Any minimum residency requirement specified in the Deed Restriction shall be followed; if none is specified, proof of a minimum of 6 months residency or an employment contract or letter of employment may be used to evidence local employment.

PART II: OWNERSHIP, USE, OCCUPANCY AND RENTALS

The primary intent of the affordable workforce housing program is to provide decent, Affordable Housing for local residents. Most Deed Restrictions require that the home be "Owner-Occupied" as a "principal residence" for the owner. Some restrictions allow for a non-owner-occupied home to serve as a principal residence for the occupant.

SECTION I: OWNERSHIP, USE, OCCUPANCY

Qualification

Prior to executing an offer for ownership of a deed-restricted property, a purchaser shall be approved by the GVRHA as a Qualified Owner or have approval to become a Non-Qualified Owner.

Non-Qualifying Ownership

Upon the written consent of the GVRHA a non-qualifying natural person or entity that owns and/or operates a business located in and serving the County may purchase a deed-restricted property; provided, however, that by taking title to a property, a Non-Qualified Owner shall be deemed to agree to the rental restrictions set forth in these Guidelines, and shall rent the property to a natural person(s) that does meet the definition of a Qualified Occupant, and shall not use or occupy the property for their own use or leave the property vacant for longer than sixty (60) days. Any occupancy of a property pursuant to this Section shall not exceed two persons per bedroom, unless the GVRHA approves otherwise.

Occupancy

At all times during ownership of a deed-restricted property, the use and occupancy of the property shall be limited exclusively to a Qualified Owner, their spouse and their Dependents, or at all times during occupancy by a Qualified Occupant and their Dependents and shall be occupied it as their primary and sole residence.

Households may not have less than one person per bedroom occupying a deed-restricted unit.

No more than four non-related persons may occupy a deed-restricted property at any one time.

Business Use of a Property

The use and occupancy of deed-restricted properties will be limited exclusively to housing for natural persons who have been qualified by the GVRHA as meeting employment, income, asset and occupancy restrictions. Unless permitted by local zoning or ordinances where a property is located, and with written permission from the GVRHA, an occupant shall not engage in any business activity on or in the property.

Non-Occupying Co-Signers

Co-signers (persons providing security or assuming partial responsibility for a purchase money loan) may be approved for joint ownership of the unit but shall not occupy the unit unless qualified by the GVRHA. All co-signers must execute the Acknowledgement of Restrictive Covenant/Deed Restriction prior to purchase of a unit. If title to a unit Transfers solely to a

non-qualified co-signer, the unit must be placed for sale according to the terms of the Deed Restriction and these Guidelines.

Leave of Absence Exemption

There are times when a Qualified Owner must leave Gunnison County for an extended period for personal or family reasons. In this instance the Qualified Owner may apply for an exemption from the GVRHA from the use and occupancy requirements of these Guidelines. It is the responsibility of the Qualified Owner to provide evidence satisfactory to the GVRHA of a bona fide reason for the exemption and a commitment to returning to the property. A leave of absence exemption may be granted at the sole discretion of the GVRHA and will be granted for up to twelve (12) months maximum.

During an approved leave of absence longer than six (6) months, the Qualified Owner must find a Qualified Occupant to rent the property during their absence. The GVRHA must approve the Qualified Occupant and the rental terms prior to occupancy of the property by the Qualified Occupant.

SECTION 2: RENTALS

Rental by Qualified Owner

Exemptions for the rental of a property that requires owner-occupancy as a principal residence may be granted by the GVRHA under certain circumstances. An owner must apply for an exemption through the GVRHA and provide supporting documentation and the proposed occupant must be approved as a Qualified Occupant prior to taking occupancy. Under no circumstances may a property be leased for more than 12 cumulative months during the entire ownership period of a Qualified Owner.

1. If a Qualified Owner is allowed to rent their unit out for up to a 12-month cumulative period, the rents charged will not exceed the owner's total Housing Expense (mortgage payment including principal, interest, taxes, insurance, mortgage insurance if applicable and homeowner association dues) by more than $100 dollars per month. A copy of the lease agreement and evidence of the rents charged must be provided to the GVRHA prior to occupancy by a Qualified Occupant.

Should a Qualified Occupant that is the head of the Household become deceased, the remaining Household members shall be permitted to occupy the property until the original lease termination date, subject to the property owner's approval. If a remaining Household member becomes a Qualified Occupant during the original term of the lease, they will be allowed to renew the lease, subject to the property owner's approval.

Roommates are permitted under these Guidelines. Roommates in Owner-Occupied properties

do not have to meet eligibility requirements but at no time may an owner rent out rooms for lease terms of less than 6 months. Under no condition shall any portion of a property be rented on a short-term basis.

When rental properties are acquired by a GVRHA member through a buy-down transaction and a Deed Restriction is placed of record, the GVRHA may, subject to member direction, state in its listing agreement that at least one of the occupants must become a qualified resident within 90 days or the lease shall be terminated.

Rental of Employer-Owned Property

Where allowed by the Deed Restriction, a property may be owned by a Qualified Employer, nonprofit, government agency, or essential service provider located in Gunnison County that rents the property to its employees or employees of other qualified businesses.

Rental terms shall be for no less than six (6) months. The GVRHA will not require occupants of employer-owned properties to become Qualified Occupants, however, employer-owners will provide evidence of occupant(s) employment if requested by the GVRHA from time to time.

A Qualified Employer may own other improved real estate in or outside of Gunnison County.

Resale of Employer-Owner Property

1. When a Qualified Employer purchases a property, title may be held by the business rather than a natural person.
2. Any Qualified Employer owner wishing to sell their unit must notify the GVRHA in writing of its intent to sell. The Maximum Resale Price will be calculated per the Master Deed Restriction and these Guidelines. If a lottery for the unit is to be held by the GVRHA as outlined in these Guidelines, a maximum 2% transaction fee shall be paid to the GVRHA. If there are no applicants for the lottery, the GVRHA will list and market the unit on behalf of the seller. The unit must be sold to another Qualified Employer or Qualified Owner, such Qualified Owner's income must be at or below 200% AMI.
3. The unit may be included in the sale of a Qualified Employer's business as an asset of the business however, the Transfer of the unit's ownership must be approved by the GVRHA. In no event may the unit be sold or valued for more than its maximum sales price.

PART III: PURCHASING AFFORDABLE HOUSING

SECTION 1: LOTTERY PROCESS FOR PURCHASING

From time to time the GVRHA may operate a lottery for the sale of deed-restricted properties.

Qualification to Purchase

To qualify to enter the lottery at least one person in a Household wanting to take title to a deed-restricted property must meet the requirements for employment, income and asset limitations and any other requirements of the applicable Deed Restriction. The GVRHA must qualify persons prior to entering a lottery and will assign the number of chances a Household may have in a lottery.

The GVRHA will issue a Certification of Eligibility upon approval of the Household to purchase. A title company or transaction attorney may not close a purchase transaction on a deed-restricted home without having a copy of the Certification in their possession.

Priorities for Lottery Entries by Household

In the event a priority list for Households entering into a lottery is not already established by a jurisdiction of the GVRHA, the following shall apply:

Households that can provide satisfactory evidence of immediate and continuous in-County residency and employment from the age of 18 shall receive lottery entries as outlined here:

Working in Gunnison County ≤ 1 year	1 chance
Working in Gunnison County > 1 year but ≤ 3 years	2 chances
Working in Gunnison County > 3 year but ≤ 5 years	5 chances
Working in Gunnison County > 5 year but ≤ 10 years	6 chances
Working in Gunnison County > 10 years but ≤ 20 years	7 chances
Working in Gunnison County > 20 years	8 chances
Households that have at least one Essential Service Worker as defined herein	2 additional chances
Households where one person has attended a certified Homebuyer Education class in the past 12 months	1 additional chance

Lotteries Not Required

There are certain Transfers of title on deed-restricted properties that do not require a lottery to be held.

1. Person(s) chosen by a current property owner to join them in title, as long as it is in joint tenancy.
2. Existing owners of deed-restricted properties who list their homes for sale through the GVRHA for a sales price not to exceed the Maximum Resale Price and the property meets the Minimum Standards for receiving maximum resale value as defined in these Guidelines.

Lottery Process

1. All applicants wishing to enter in a lottery must have received a Certification of Eligibility from the GVRHA prior to a lottery being conducted.
2. For newly constructed properties, the lottery will be held as specified by the GVRHA.
3. At the time of the lottery, the GVRHA Executive Director and one GVRHA staff member, along with an un-affiliated third-party shall be present to witness each applicant has placed their entries into the lottery container.
4. The lottery container shall be solid and non-transparent, and entries will be sufficiently mixed.
5. The un-affiliated third-party person will then draw an entry out of the container, and the name shall be recorded on the GVRHA lottery log.
6. This process will continue until entries have been drawn for each unit available and recorded in the same manner.
7. Alternates from remaining entrants will be drawn and recorded.
8. For new construction lotteries, the first-drawn applicant will have no more than five (5) business days to execute a contract or reservation form with the GVRHA. Should they fail to do so, the first alternate will be notified and will have no more than five (5) business days to execute a contract or reservation form, and should they fail to do so, then the next alternate will be notified and will have no more than five (5) business days to do so. This process will continue until there is a contract or reservation executed.
9. For resale lotteries, the same process as 1-9 above will be used, however the seller and the lottery winner may negotiate the terms of the contract as they choose. The seller will provide a copy of the executed contract to the GVRHA within three (3) business days of acceptance.

Applicants determined to be ineligible to enter the lottery may submit a notice to the GVRHA protesting the determination and initiate the Grievance Process identified in Part VIII of these Housing Guidelines within one week of being notified of ineligibility.

SECTION 2: FIRST-COME, FIRST-SERVED PROCESS

When the lottery process is not required by the GVRHA, particularly in the event of resales on deed-restricted properties, the following process will be followed.

1. An owner must contact the GVRHA in writing of their intent to sell the property; the GVRHA will first inspect the property to determine if it meets the Minimum Standards for Full Resale Value as defined in these Guidelines and then will calculate the Maximum Resale Price according to these Guidelines or the recorded Deed Restriction, whichever has precedence.
2. The seller may choose to list their property for sale with any licensed real estate agent of their choice unless the Deed Restriction requires them to list it with the GVRHA.
3. Unless the Deed Restriction provides otherwise, no more than a 2% real estate

commission may be added to the Maximum Resale Price calculation.

4. The GVRHA will charge not more than a 2% transaction fee for its services as a transaction broker.
5. At least one open house must be held for a listed property prior to any offers being accepted by the GVRHA or seller.
6. All offers must be accompanied by a Certificate of Eligibility from the GVRHA.
7. The seller must provide a copy of the executed contract to the GVRHA within three (3) business days of acceptance of the contract.

Applicants determined to be ineligible to enter into a contract with a seller may submit a notice to the GVRHA protesting the determination initiate the Grievance Process in Part VIII of these GVRHA Housing Guidelines within one week after receiving notice of ineligibility.

Prior to recordation of a deed Transferring title to a deed-restricted property, a purchaser who is a Qualified Owner or has been approved as a Non-Qualified Owner shall execute the GVRHA's Acknowledgement of Restrictive Covenant/Deed Restriction and a Notice of Lien. If there is no blanket Deed Restriction recorded for a neighborhood a purchaser may also be required to execute a Deed Restriction. The Notice of Lien and any Deed Restriction requiring execution will be recorded in the records of the Clerk and Recorder of Gunnison County.

SECTION 3: MAINTAINING ELIGIBILITY FOR OWNERSHIP OF AFFORDABLE HOUSING

There is no requirement to meet income or asset criteria for persons who have already purchased and own an Affordable-housing unit or are a Qualified Occupant, however, occupancy and employment criteria along with non-ownership of other improved real estate must continue to be met throughout the tenancy of the Household. GVRHA will require all owners to complete and sign a deed-monitoring affidavit on an annual basis. Responses to the affidavit may require additional documentation be provided to verify compliance.

PART IV: RESALES OF DEED-RESTRICTED PROPERTIES

Resale

No deed-restricted property shall be Transferred subsequent to the original purchase from the GVRHA or its assigns, except upon full compliance with the procedures set forth in these Guidelines. In the event a property is sold and/or conveyed without compliance with these Guidelines, such sale or Transfer shall be wholly null and void and shall confer no title whatsoever to the purported buyer.

Notice of Intent

When an owner intends to sell or otherwise Transfer title to a deed-restricted property, the owner shall submit to the GVRHA a Notice of Intent to sell or Transfer title. The property may

not be Transferred to any person, entity or entities not qualified by the GVRHA as a Qualified Owner or approved as a Non-Qualified Owner, nor for consideration that exceeds the Maximum Resale Price as determined by the GVRHA pursuant to the provisions of these Guidelines.

Maximum Resale Price

The Maximum Resale Price may not exceed the sum of: (i) the Purchase Price paid by the owner for the Property, plus: (ii) an increase of two percent (2%) of such Purchase Price per year (prorated at the rate of 1/12 for each whole month, but not compounded annually) from the date of the owner's purchase of the Property to the date of the owner's Notice of Intent to sell the Property; plus (iii) an amount equal to any special improvement district assessments, if applicable and not Transferable, paid by the owner during the owner's ownership of the Parcel; plus (iv) the cost of Permitted Capital Improvements from the date made to the property by the owner as set forth in these Guidelines; minus (v) any amounts associated with bringing the property up to the Minimum Standards for Full Resale Value as set forth in these Guidelines.

Property Condition Upon Sale

Pursuant to these Guidelines, each owner shall be responsible for ensuring that at Transfer of title the property is clean, appliances are in working order, and there are no health or safety hazards on the property. Prior to any sale of a property, the GVRHA shall conduct an inspection and provide the owner a list of the items that do not meet Minimum Standards for Full Resale Value. As may be necessary from time to time, the GVRHA is authorized to take necessary actions and incur necessary expenses to bring the property into saleable condition. Such actions and expenses include, but are not limited to, cleaning the property and making necessary repairs to or replacements of appliances and/or property fixtures, such as windows, doors, cabinets, countertops, carpets, flooring and lighting fixtures, and/or correcting any health or safety violations on the property. Expenses incurred by the GVRHA to bring the property into a saleable condition shall be itemized and documented by the GVRHA and deducted from the owner's proceeds at closing of the Transfer of the property.

Restriction on Additional Financial Gain

No owner shall permit any prospective purchaser to assume any or all of the owner's closing costs. No owner shall accept anything of value from a prospective purchaser except for the Maximum Resale Price before, during or after closing of the Transfer of the property.

No Guarantee of Resale Price

Nothing in these Guidelines represents or guarantees that any property will be re-sold at an amount equal to the Maximum Resale Price. Depending upon conditions affecting the real estate market and the property itself, a property may be re-sold for less than the Maximum Resale Price.

PART V: INFORMATION FOR DEVELOPMENT OF AFFORDABLE HOUSING

Part V of these Guidelines contains information to be used by developers of Affordable Housing units in Gunnison County or the municipalities within the County whether required in connection with an application for free-market development or other proposals containing an Affordable Housing component.

SECTION 1: INITIAL SALES PRICE CALCULATION FOR-SALE PROPERTIES

There are several different alternatives that can be used in determining the initial sales price of a unit; each method has ramifications for both short-and long-term affordability and impacts an owner upon resale of the property. GVRHA has carefully considered the various methods and determined that setting initial sales prices relative to a specific index – AMI – provides the long-term affordability we need and allows us to target specific income levels in the development of Affordable Housing. Using the AMI index method requires us to calculate an Affordable mortgage payment for each AMI level targeted by local housing development. This method is also compatible with federal and state funding resources for both developing and purchasing Affordable Housing.

Determining Household Size

The GVRHA will use 1.5 persons/bedroom in establishing maximum sales prices, except for studio units, which will use 1 person/unit.

Formula Components

The formula GVRHA will use in calculating initial sales prices take into consideration the following components:

1. Establish AMI as the standard index – AMI measures the median income for a specific geographic area adjusted by Household size published annually by HUD. For Gunnison County, the methodology for calculating the AMI is tied to the most recent 5-year American Community Survey (ACS) data and adjusted by inflation.
2. Establish an affordability level – HUD recognizes 30% of a Household's Gross Income going towards Housing Expense as Affordable. GVRHA will use the same percent.
3. Establish an amount for property tax, homeowner insurance and HOA dues – to calculate an Affordable sales price, we must first calculate an Affordable loan to the AMI target for a specific development. GVRHA will use $250/month for units targeting 120% of AMI and less and will use $350/month for units targeting over 121% AMI.
4. Establish a mortgage term – most purchasers of Affordable units need the lowest mortgage payment possible so the GVRHA will use a 30-year term.
5. Establish an interest rate for the mortgage payment – the mortgage amount for an Affordable unit is directly tied to the interest rate used in this calculation. The lower the interest rate, the higher the mortgage amount and conversely, the higher the interest

rate, the lower the mortgage amount. The GVRHA will use a trailing interest calculation by calculating the average interest rate over a specified period of time and add an affordability margin to that average. The GVRHA will use the most recent ten-year Federal Home Loan Mortgage Corporation (FHLMC, aka Freddie Mac) year-end average rates and will add a 1.5% margin to that number.

6. Establish a loan-to-value ratio – the GVRHA will use a 90% loan-to-value ratio to determine the initial sales price after calculating the mortgage amount.
7. Using these data points with a financial calculator the initial sales price is set.

The GVRHA will update these sales prices annually when the most recent HUD AMIs are published.

SECTION 2: INITIAL SALES PRICE CALCULATION RENTAL PROPERTIES

This formula for determining initial sales price of a unit will be used when developing affordable rental housing offered for sale by a developer to the general public, as it directly targets specific income levels. Rental rates for affordable units will be capped at thirty percent (30%) of the AMI adjusted by bedroom count. The thirty percent (30%) must include utilities.

SECTION 3: PARTNERSHIP OPPORTUNITIES WITH GVRHA

Introduction and Background

This Part V Section 3 of the Guidelines is designed to inform private and non-profit Affordable Housing developers (Developers) of the procedures the GVRHA will use in evaluating unsolicited Special Limited Partnership (SLP) participation proposals from Developers.

The GVRHA's mission is to advocate, promote, plan and provide the long-term supply of desirable and Affordable Housing in Gunnison County in order to maintain a well-rounded community. This mission includes the promotion of adequate, safe and Affordable Housing opportunities for a broad spectrum of residents within the geographical boundaries of the GVRHA.
Therefore, GVRHA will consider unsolicited participation proposals for the development of Affordable and/or low-income housing. This is not a competitive process and participation by the GVRHA is Dependent upon GVRHA Board and Staff evaluation of the merits of each proposal using criteria established in these Guidelines and subject to change, modification or elimination of this Part V Section 3 at any time, in its sole discretion.

In 2001, the Colorado legislature revised Section 29-4-226 of the Colorado Revised Statutes which provides, in relevant part, that the portion of a project that is occupied by persons of low income and is owned by or leased to an entity: (I) that is wholly owned by an authority; (II) in which an authority has an ownership interest; or (III) in which an entity wholly owned by an

authority has an ownership interest, is exempt from special assessments. Recently, several private and public sector developers have approached the GVRHA, inquiring about the GVRHA partnering with them to take advantage of this exemption. Because GVRHA has limited staff and financial resources, it is necessary to establish the procedures and criteria that GVRHA staff will use to evaluate and recommend proposals submitted by Developers to the GVRHA Board.

Proposal Selection Criteria

The selection criteria listed here may be amended from time to time at the sole discretion of the GVRHA. They may also be used to evaluate land-banking opportunities, projects competing for state and federal resources or other local funding should it become available.

1. The proposed project must meet the following threshold criteria to be considered:
   a. Submission of the application and the application processing fee:
   b. Located within the geographical boundaries of the GVRHA;
   c. The proposed project is not financially feasible without the GVRHA's participation. The GVRHA will not participate in a project merely to increase the Developer's profit margin;
   d. A portion of the project includes Affordable units serving Households at or below 100% of the Area Median Income (AMI);
   e. No environmental or legal impediments are present that could delay or terminate the project.
2. The proposed project will be evaluated on the following elements, which may not be inclusive, subject to the proposal:
   a. Responsiveness to local workforce housing goals;
   b. Consistency with adopted community plans and community engagement
      i. Diverse stakeholders have the opportunity to engage and inform proposed housing plans;
      ii. Community engagement occurs early, and is scaled to the specific project;
      iii. Community engagement is designed with respectful, inclusive, and constructive outcomes in mind.
   c. Track record of potential partners.
   d. Location:
      i. Proximity to transit;
      ii. Suitable residential zoning;
      iii. Availability of utility services on/near site;
      iv. Balancing provision of housing across the valley.
   e. Matching site opportunities with market demand:
      i. Project type – for sale or rental;
      ii. Design style – condo, townhome, single family, multifamily;
      iii. Targeted AMIs and level of affordability;
      iv. Sustainable design – socially and environmentally;
      v. Number of housing units provided.
   f. Financial Feasibility and Sustainability of the project:
      i. Local resources are leveraged (% of overall project costs compared to local

contribution);

ii. Risks are mitigated, managed, and aligned with roles and responsibilities
iii. Quality of construction and design;
iv. Rental properties with adequate maintenance and repairs budget;
v. For-sale product with HOAs that have adequate maintenance and repair budget;
vi. Affordability over the long term for residents;
vii. Anticipated ongoing operating costs such as snow removal, utility expenses and common area maintenance.

3. Procedure for Partner Selection:
   a. Developer must submit a development participation proposal to the GVRHA, which requires among other things that additional documents be submitted with the proposal:
      i. Narrative of the proposal which includes but is not limited to, total number of units, property address, rehabilitation or new construction, number of phases, AMI targets; unit mixes, income restrictions, sales price or rental rate projections;
      ii. Development Sources and Uses budget;
      iii. First year operating revenues and expenses;
      iv. For rental proposals a 15-year detailed proforma;
      v. Developer compensation;
      vi. Statement regarding whether Developer or its related entities are involved or have reason to believe they will be involved in litigation;
      vii. Conceptual site plan;
      viii. List of intended partners, including but not limited to architect, contractor, legal, accounting, property management and financing.
      ix. List of references for similar type developments.
      x. Developer audited financials for at minimum the past two years.

4. With the submission of the Development Participation Proposal Form, Developer must remit a non-refundable Application Fee of $500 to reimburse the GVRHA cost required to review and analyze the specific proposal.

5. GVRHA Staff will perform an initial review and evaluation of the participation proposal. Based on measurements against the above criteria, staff will forward the proposal to the GVRHA Board with recommendations regarding declining the proposal or continuing analysis.

6. It is recommended that Developers contact the GVRHA Staff Executive Director prior to submitting a participation proposal to assess merits and alignment with the GVRHA Guidelines and mission.

7. Upon approval of participation, the GVRHA reserves the right to require financial compensation for administrative costs, on-going compliance and reporting

requirements and offset of community financial contributions through fee waivers, sale/use tax exemptions and property tax exemptions.

PART VI: REGULAR MAINTENANCE AND MINIMUM PROPERTY STANDARDS FOR FULL RESALE VALUE, PERMITTED CAPITAL IMPROVEMENTS, INSURANCE REQUIREMENTS

SECTION 1: REGULAR MAINTENANCE AND MINIMUM PROPERTY STANDARDS

Regular Maintenance

In order to preserve the quality of our housing stock, particularly those that have significant amounts of public subsidies in them, it is important that homeowners maintain the condition of their homes to an acceptable level. Ideally, homeowners would choose to maintain their homes because of their preference to reside in safe, decent housing, rather than be forced to do so by regulation or rules from the GVRHA. The GVRHA is making efforts to educate homeowners that there are distinct financial advantages to maintaining their residences in decent condition since: 1) failure to do so could result in poor marketability and lower offering prices for the home, and 2) when property conditions are rated as "fair" or "poor" on appraisals, lenders will require that work be performed and paid for to upgrade the rating prior to closing on a resale.

All costs to repair or maintain a property to bring it up to the minimum property standards will be deducted from the Full Resale Value.

Minimum Property Standards for Full Resale Value

- "Thoroughly cleaned property"
- Carpets professionally cleaned two or three days prior to closing
- All major scratches, holes, burn marks repaired in hardwood floors, linoleum, tile, counter tops, etc.
- No broken windows
- All screens in windows (if screens were originally provided)
- All appliances as originally provided must be in clean, working order
- All doors will be in working order with no holes
- All latches and locks on doors will work
- All keys will be provided; e.g., doors, mailbox, garage
- All mechanical systems shall be in working order
- Walls are paint-ready
- Normal wear and tear on carpet; if carpet has holes, stains, etc., the carpet and padding of equal value shall be replaced prior to closing, or sufficient funds escrowed at closing for the new buyer
- No leaks from plumbing fixtures

- No roof leaks
- Any safety hazards shall be remedied prior to closing
- All light fixtures shall be in working order with light bulbs included

"Thoroughly cleaned property" means:

KITCHEN

- Range -Inner and outer services must be cleaned.
- Range hood and exhaust fan must be cleaned.
- Refrigerator and Freezer - Inner and outer surfaces of refrigerator and freezer must be clean. Freezer must be defrosted.
- Cabinets and Countertops - Exterior and interior surfaces of cabinets and drawers must be clean. Door and drawer handles, if provided, must be clean and in place.
- Sink and Garbage Disposal - Sink and plumbing fixtures must be clean. If garbage disposal is provided, this must be in working order.
- Dishwasher – If provided prior to move-in, it must be in working order and inner and outer surfaces must be clean.

BLINDS, WINDOWS, SCREENS:

- Mini-blinds, Venetian Blinds, Vertical Blinds, and Pull Shades - must be clean and in working order with no holes or damage.
- Windows - All window surfaces, inside and outside of the window glass, must be clean.
- Screens - Screens must be clean and in place with no holes or tears.

CLOSETS:

- Closets, including floors, walls, hanger rod, shelves and doors, must be clean.

LIGHT FIXTURES:

- Light fixtures will be clean and must have functioning bulbs/fluorescent tubes.

BATHROOMS:

- Bathtub, Shower Walls, Sinks -Bathtubs, shower walls and sinks must be clean.
- Toilet and Water Closet - Water closets, toilet bowls and toilet seats must be clean. If the toilet seat is broken or peeling, the seat must be replaced.
- Tile - All tile and grout must be clean.
- Mirrors and Medicine Cabinets – must be cleaned inside and out.
- Shelves and/or Other Cabinetry - must 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 must be professionally cleaned at least two days prior to closing.

INTERIOR STORAGE/UTILITY ROOMS:

- Storage/utility rooms must be cleaned. Properly cleaned storage/utility rooms will be free from odors, removable stains, grease marks or accumulations.

WALLS PAINT-READY:

- All holes must be patched; all posters, pictures, etc., must be removed from all walls; all nails, tacks, tape, etc., must be removed from all walls; and all walls must 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 and walls made paint-ready.

WINDOWS:

- If a window is broken, including the locking mechanism, the window must be replaced.

Health and Safety Hazards. Any condition(s) that provides a health and/or safety hazard must be fixed. This would include, but is not limited to, exposed electrical wiring, improper ventilation for gas, hot water systems, torn carpeting, etc.

SECTION 2: PERMITTED CAPITAL IMPROVEMENTS

At times owners of deed restricted properties may want to improve their home and recoup their expense for the improvement. Because one of the primary objectives in providing deed restricted homes in a community is to ensure there is a supply of Affordable homes, any improvements that increase the resale price of deed restricted properties relative to the original income target is a concern. Therefore, Permitted Capital Improvements should be clearly defined and restricted sufficiently to maintain Affordable price points over time while still protecting the quality of the housing stock.

It should be noted that Permitted Capital Improvements (PCIs) do not include the regular repair, maintenance, replacement of fixtures and finishes, or the upkeep of a property. Those on-going owner obligations are important to the quality of the deed restricted housing stock and are addressed in the Maintenance section of these Guidelines.

Treatment of Permitted Capital Improvements

The amount for Permitted Capital Improvements shall not exceed ten per cent (10%) of the original purchase price for an initial ten (10) year period. For every ten (10) year period from the date of the original purchase and Covenant, another ten (10) per cent of the purchase price

may be added to the value of the property for Permitted Capital Improvements. In calculating such amount, only those Permitted Capital Improvements identified in these Guidelines shall qualify for inclusion. An owner's contributed labor or "sweat equity" shall not be part of the cost of an eligible improvement.

When PCIs are allowed, only those that improve unfinished interior spaces or add new system(s) that make the property more Affordable for the owner/occupant will be included in the Maximum Resale Value calculation. Luxury or cosmetic upgrades, exterior improvements (landscaping, decks and patios), or replacement of existing finishes, appliances, or fixtures will not be included as PCIs in the Maximum Resale Value.

When calculating the value of PCIs an owner must provide clear, legible, written proof of costs incurred. The cost of labor will not be included in the value added into the Maximum Resale Value.

Appreciation of PCIs will start from the first of the month when they were completed. An owner must provide evidence of obtaining a building permit and notice of formal completion when required to add the value of the PCIs to the Maximum Resale Price.

In the development of new housing, if PCIs are allowed, the initial sales prices will be discounted to ensure that even with the addition of PCIs, the price at time of resale will be Affordable to the initial income target.

When PCIs are not allowed, properties will be fully finished with adequate storage and/or garages at the time of initial sale.

Permitted Capital Improvements

- Modifications or improvements to accommodate persons with disabilities as defined in the Americans with Disabilities Act of 1990;
- Modifications or improvements to assist seniors to age in place;
- Improvements for health and safety protection devices (including radon);
- Improvements to finish intentionally included unfinished interior space;
- Modifications or improvements to increase energy efficiency and/or water conservation on a case-by-case basis.

Non-Permitted Capital Improvements

- Jacuzzis, sauna, steam showers and other similar items;
- Upgrades or the addition of decorative items including lights, window coverings, flooring, paint and other similar items;
- Upgrades of appliances, plumbing and mechanical systems;
- Outdoor landscaping including the addition of decks, porches, patios, gazebos, fencing,

irrigation systems and other similar fixtures;
- Cost of tools or rental equipment.

SECTION 3: INSURANCE REQUIREMENTS

Deed-restricted housing with public subsidies means that the cost to build homes is greater than what the sales price is. Typically, homeowners insure their homes for 80% of what the value of the home is, assuming 20% of the value is in the land.

When properties are subsidized, owners must obtain full replacement cost coverage which will repair or replace the home in the event of damage or destruction. Insuring a deed-restricted home to a capped value could result in a gap between what the insurance will pay and what it actually costs to repair or replace the home.

Any damage or destruction must be corrected or repaired before a resale of the property will be allowed.

PART VII: DEED MONITORING/COMPLIANCE MATTERS

SECTION 1: DEED MONITORING

The Affordable Housing programs currently in place in our communities, as well as those yet to be developed, have come at great cost to each community in terms of dedicated staff time, investment of legal, financial and material resources, the contributions of intellectual property and gaining the support of the public will. It is incumbent upon provider of an Affordable Housing program to protect the investments made and honor the intent of each Deed Restriction through compliance monitoring.

The GVRHA will annually monitor compliance by owners of deed-restricted properties through a self-completed affidavit.

It is considered a violation of these Guidelines for an owner to refuse to return a completed deed-monitoring affidavit to the GVRHA.

GVRHA Responsibility

To adequately qualify new owners as well as determine compliance when deed monitoring, the GVRHA will use the following definitions:

1. Owner-Occupied – at least one qualified person holding title occupies the property as their primary residence.
2. Non-Occupying Co-Borrower – a person who is on title merely for the purpose of

obtaining lender approval for a buyer's purchase money mortgage and whose intent is to not occupy the property.

3. Non-Qualified Owner – a person or business allowed to own a property that must be occupied by a Qualified Occupant.
4. Qualified Occupant/occupant – a person who has been approved through the GVRHA as meeting the requirements of employment, income, occupancy or any other factors relative to the Deed Restriction.
5. Principal residence – a property where the occupant(s) lives a minimum of 9 months per year.

   In addition to an *owner's* use of the property, relevant factors in determining that the property is the principal residence include without limitation:

   a. The owner's place of employment.
   b. The principal place of abode for the owner's family members.
   c. The address listed on the owner's federal tax returns, driver's license, auto registration and/or voter registration card.
   d. The owner's mailing address for Household bills, personal bank statements and personal correspondence.
   e. The location of religious organizations, service clubs or community non-profits the owner is affiliated with.

   In additional to an *occupant's* use of the property, relevant factors in determining that the property is the principal residence include a – e above without limitation, and:

   f. Evidence the occupant has been qualified as a resident by the GVRHA.
6. Sole residence – the only residence an owner has a right, title or other interest in, or the only residence a Qualified Occupant has an interest in.
7. Vacant Property – a home that is no longer occupied as a principal residence by the owner for a period of 90 consecutive days, or a property that is unoccupied by a Qualified Occupant for a period of 90 consecutive days.
8. Leave of absence – a vacancy longer than 90 days that has prior approval from the GVRHA.

SECTION 2: COMPLIANCE MATTERS

From time to time it may come to the attention of the GVRHA that an owner of a deed-restricted property may be out of compliance with the terms of the Deed Restriction, or an occupant of a property managed by the GVRHA may be found to be in violation of the lease and any and all rules, regulations, policies and procedures governing such occupancy. It is the responsibility of the GVRHA to investigate all alleged non-compliant matters and determine if a violation is in existence. GVRHA staff will inform the Board President of potential non-compliance matters upon discovery and keep the President apprised of the investigative process and outcomes.

Deed-Restriction Non-Compliance

The GVRHA has the right and authority to investigate as fully as possible all non-compliant matters which will include, but is not limited to:

- Contact with the owner informing them of the allegation
- Inspection of the property in question
- Inspection of lease agreements, title documents, loan documents and all others pertaining to legal ownership and occupancy of the property
- Verification of employment directly with the owner's employer, tax returns of the owner, IRS verifications of tax return authentication, and other documents as warranted
- Social media searches, all other publicly accessed internet resources
- Any other reasonable means of verifying compliance as deemed necessary.

Subject to the nature of and significance of a violation, the GVRHA will notify the beneficiary and the owner, provide suggestions for acceptable remediation and a reasonable timeline in which it must be achieved.

If a remedy satisfactory to the beneficiary cannot be reached and subject to the terms of the deed restriction, one of the following penalties may be levied:

- Appreciation - no appreciation gained on a property from the date the violation was incurred or discovered, whichever is earlier, until a satisfactory remedy is reached.
- Monetary - a per diem fine may be imposed from the date the violation was incurred or discovered, whichever is earlier, until a satisfactory remedy is reached.
- Specific performance – the violating homeowner may be forced to sell the property.
- Reimbursement – the violating homeowner may be required to reimburse the beneficiary equal to the current value of the public dollars invested in the property.
- If a property is encumbered by a HUD-insured mortgage, the following remedies will not be pursued:
    - Acceleration of a mortgage
    - Voiding a conveyance by an owner
    - Terminating an owner's interest in a property
    - Subjecting an owner to contractual liability other than monetary damages.

An owner found to be in violation of these Guidelines, or an applicable Deed Restriction may submit a notice to the GVRHA protesting the determination and initiate the Grievance Process in Part VIII of these GVRHA Housing Guidelines within one week after receiving notice of a violation.

Lease, Rules, Regulations, Policies, Procedures Violations

This Section identifies lease violation procedures that will be implemented for properties owned and managed by GVRHA, excepting those properties whose senior governing documents

prevent such procedures. These procedures clearly detail the process and timeline for enforcement of lease provisions, rules and regulations, policies and procedures and companion/service animal agreements. These procedures apply to all tenants and for all violations *except for failure to pay rent when due*, when the specific terms of the lease agreement shall prevail.

Each tenant is provided with a copy of all lease provisions, rules and regulations, policies and procedures and companion/service animal agreements at the time of initial occupancy of a unit and at each lease renewal. After reviewing these documents with GVRHA staff, each tenant is required to sign these documents and initial in various places. The GVRHA will continue to make tenants aware of all lease provisions, rules and regulations, policies and procedures and companion/service animal agreements at the time of initial occupancy of a unit and at each lease renewal.

When a violation of any lease provisions, rules and regulations, policies and procedures and companion/service animal agreements is made known to the GVRHA, the following procedures shall be followed:

1. <u>First violation</u>
    a. Within two (2) business days an informal email with the subject line stating "First Notice of Violation and Request for Compliance" will be sent to the tenant stating:
        i. The specific lease provision, rule, regulation, policy, procedure or agreement term that was violated
        ii. How the violation occurred
        iii. When the violation occurred
        iv. How to remedy the violation
        v. Highlight they have 3 business days from the date of the email to have the violation corrected
        vi. A request for the tenant to notify us in writing when they have corrected the violation
    b. The GVRHA reserves the right to immediately file for lawful eviction if the first violation is of a nature that:
        i. Poses a serious or imminent threat to another individual
        ii. Causes property damage beyond the amount of the damage deposit received from the tenant
        iii. Is a criminal activity
        iv. Involves the use, possession or cultivation of a prohibited substance

    GVRHA will immediately notify the Board President of any eviction action being initiated.

2. <u>Second violation of the same nature</u>

Within two (2) business days, a formal email with the subject line stating: "Second Notice of Violation and Request for Compliance" will be sent to the tenant stating:

a. The specific lease provision, rule, regulation, policy, procedure or agreement term that was violated
b. How the violation occurred
c. When the violation occurred
d. How to remedy the violation
e. Highlight they have 3 business days from the date of the email to have the violation corrected
f. A request for the tenant to notify us in writing when they have corrected the violation

3. Third violation of the same nature

Within two (2) business days a formal email with the subject line stating: "Third and Final Notice of Violation" will be sent to the tenant stating:

a. The specific lease provision, rule, regulation, policy, procedure or agreement term that was violated
b. How the violation occurred
c. When the violation occurred
d. When the First and Second Notices of Violation were sent and a summary of tenant responses to each Notice
e. Identify the enforcement action to be taken by the GVRHA, subject to applicability:
    i. Early termination of lease
        1. If there are six (6) full months or more remaining on the lease
    ii. Non-renewal of lease
        1. If there are less than six (6) full months remaining on the lease
    iii. Eviction
        1. If the violations are of a nature that:
            a. Poses a serious or imminent threat to another individual
            b. Causes property damage beyond the amount of the damage deposit received from the tenant
            c. Is criminal activity
            d. Involves the use, possession or cultivation of a prohibited substance
f. GVRHA will follow all applicable laws in the effectuation of each enforcement action.
g. GVRHA will immediately notify the Board President of the issuance of the Third and Final Notice of Violation and the enforcement action taken.
h. The tenant shall receive a copy of the GVRHA Grievance and Appeals Process and Request for Alternative Dispute Resolution form.

4. Violations of different natures

For tenants with violations, individually or in combination, of five (5) different terms of any lease

provisions, rules and regulations, policies and procedures and companion/service animal agreements, shall, after the fifth violation is made known to GVRHA, receive an email with a formal "Final Notice of Violation" stating:

a. The specific lease provision, rule, regulation, policy, procedure or agreement term that was violated
b. How the violation occurred
c. When the violation occurred
d. When the previous First Notices of Violation and Request for Compliance were sent and a summary of tenant responses to each Notice
e. Identify the enforcement action to be taken by the GVRHA, subject to applicability:
    i. Early termination of lease
        1. If there are six (6) full months or more remaining on the lease
    ii. Non-renewal of lease
        1. If there are less than six (6) full months remaining on the lease
    iii. Eviction
        1. If the violations are of a nature that:
            a. Poses a serious or imminent threat to another individual
            b. Causes property damage beyond the amount of the damage deposit received from the tenant
            c. Is criminal activity
            d. Involves the use, possession or cultivation of a prohibited substance
f. GVRHA will follow all applicable laws in the effectuation of each enforcement action.
g. GVRHA will immediately notify the Board President of the issuance of the Final Notice of Violation and the enforcement action taken.
h. The tenant shall receive a copy of the GVRHA Grievance and Appeals Process and Request for Alternative Dispute Resolution form.

PART VIII: DISCRIMINATION, GRIEVANCE PROCESS, EXEMPTION REQUESTS

Discrimination

The requirements established in this section are designed to ensure that there is a fair and equitable process for addressing owner/tenant or prospective owner/tenant concerns and to ensure fair treatment of owners/tenants in the event that an action or inaction by the GVRHA Board or staff is perceived to adversely affect the owner/tenant of a housing project.

Protected classes in housing include race, color, religion, creed, national origin/ancestry, disability/handicap, sexual orientation (including transgender status), marital status and familial status (children under the age of 18 in the Household).

Any owner/tenant or prospective owner/tenant seeking to purchase or occupy housing administered by the GVRHA who believes he or she is being discriminated against because of a protected class may file a complaint in person with, or by mail to the U.S. Department of Agriculture's Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW., Washington DC 20250-9410 or to the Office of Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development (HUD), Washington, DC 20410, and to the Colorado Department of Regulatory Agencies Civil Rights Division, 1560 Broadway, Suite 110, Denver, CO 80202, and to the GVRHA Board of Directors at 202 E. Georgia Avenue, Gunnison, CO 81230.

Grievance Process

Any prospective owner/tenant seeking to purchase or occupy housing administered by the GVRHA, or an existing owner/occupant of housing administered by the GVRHA, who believes he or she is otherwise aggrieved (the Grievant") may request an alternative dispute resolution process through the GVRHA Board. Such request must be made in a timely manner by delivering the request to the Executive Director of the GVRHA within fifteen (15) calendar days of the alleged grievance. The request shall clearly identify the nature and date of the grievance and state if they want a Grievance and Appeals hearing or use a voluntary mediation process, both as described herein. The Executive Director shall inform the Board President immediately upon receiving such request.

Grievance and Appeals Hearing

The Board President shall appoint three Board members as the Grievance and Appeals Committee. The Committee shall schedule a hearing with the Grievant within ten (10) calendar days of the request for an alternative dispute resolution.

The Grievant and the GVRHA may both present to the Committee any exculpatory or inculpatory records, documents and regulations pertinent to the request for the hearing. Both parties shall be given the opportunity to examine all such documents at minimum 48 hours prior to the hearing. Both parties may have legal representation at the hearing.

The Committee shall determine the length of the hearing after review of the documents provided and shall inform the parties of the procedure during the hearing (which party presents first and for how long, comments from any public present, etc).

There are three possible outcomes from the Committee at the time of the hearing:

- The Committee can rule to uphold the GVRHA staff actions/determinations
- The Committee can over-rule or modify the GVRHA staff actions/determinations
- The Committee can defer their ruling until a future date, not to exceed five (5) business days from the date of the hearing.

A final ruling of the Committee will be delivered in writing to the Grievant and GVRHA staff.

Voluntary Mediation Process

The GVRHA will use a voluntary mediation process where the owner/tenant or prospective owner/tenant agrees that any and all claims, controversies, breaches or disputes arising from or related to an action or inaction of the GVRHA Board or staff is subject to a requirement to mediate prior to filing any lawsuit or filing for arbitration. The mediation shall take place in the County of Gunnison, State of Colorado utilizing a mediator provided by The Office of Dispute Resolution of the State of Colorado's Judicial Branch ("ODR"). The mediation proceedings will be conducted in compliance with the Colorado Dispute Resolution Act C.R.S. 13-22-301 et seq in effect at the time a demand for mediation is made. The parties to the mediation agree that there is no requirement to actually reach a settlement to the dispute in mediation, but agree that if a settlement is reached during mediation it shall be reduced to writing and shall be binding upon the parties, their heirs, executors, administrators, successors and assigns.

Exemption Request

A request for an exemption to the strict application of these Guidelines or any terms or conditions of an applicable Deed Restriction may be made to the GVRHA requested if an unusual hardship can be shown, and the variance from the strict application of the Guidelines is consistent with the Deed Restriction intent. In order to request an exemption, a letter must be submitted to the GVRHA Executive Director stating the request, with documentation regarding the unusual hardship.

The GVRHA may grant a request for an exemption to these Guidelines, with or without conditions. If the request is for an exemption to the terms and conditions of the Deed Restriction, the GVRHA Executive Director will forward the request and supporting documentation to the jurisdiction that is the beneficiary of the Deed Restriction for a final decision.

PART IX: DEFINITIONS

Affordable - means the amount spent by a Household on rent (utilities included) or mortgage payments (principal, interest, taxes, insurance and any HOA dues) does not exceed 30% of the Household's gross combined income.

Affordable Housing – Dwelling units restricted by use and occupancy as approved by a member jurisdiction of the GVRHA or by the GVRHA itself. An Affordable Housing unit may be restricted by use, occupancy, resale limitations, retirement restrictions or other limitations to employees of employers, locally working Households, or seniors or Disabled Persons.

Area Median Income or AMI – means the median annual income for the County (or such next larger statistical area calculated b HUD that includes the County, if HUD does not calculate the Area Median Income for the County on a distinct basis from other areas), as adjusted for Household size, that is calculated and published annually by HUD (or any successor index thereto acceptable to the GVRHA, in its reasonable discretion).

Assets - liquid Assets such as cash in savings, checking or other forms of bank accounts and stocks, bonds or other instruments that can readily be converted to cash. The most recent Assessed Value as provided by the applicable Assessor's Office will be used to determine the value of real estate holdings, regardless of set-offs by encumbrances, costs of sale or holding, or percent of ownership interest. Assets in a qualified retirement plan and other non-liquid Assets such as personal belongings or intangible Assets will not be included in the asset limitations for each income category.

Co-Borrower - a person who is on title for the purpose of obtaining lender approval for a buyer's purchase money mortgage.

County – means the County of Gunnison.

Deed Restriction - agreements that restrict the use of real estate in some way and are listed or referenced in the deed.

Dependent – means a person, including a spouse of a child of, a step-child or, a child in the permanent legal custody of or a parent of, a Qualified Owner or Qualified Occupant, in each case whose sole place of residence is in the same Household as such Qualified Owner or Qualified Occupant, and who is financially Dependent upon the support of the Qualified Owner or Qualified Occupant. Dependent shall also include any person included within the definition of "Familial Status" as defined in 42 U.S.C. § 3602(k), as that act shall from time to time be amended.

Disabled Person - someone who has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities.
Essential Housing – housing that is restricted by land use code, zoning regulations, deed restriction or any other written method that is intended for a particular employment situation and/or income population.

Essential Services – means those services that are absolutely necessary to maintain the health and welfare of the community. They include, but may not be exclusive to: executive governance, emergency healthcare, fire and police protection, basic sanitation including clean water, sewage and garbage removal.

Essential Service Workers – means the personnel needed to maintain Essential Services.

Gross Income - is the sum of all wages, salaries, profits, interest payments, rents, and other

forms of earnings, before any deductions or taxes.

Guidelines – means the most recent adopted Gunnison Valley Regional Housing Authority Housing Guidelines in effect at the time of closing on a sale or Transfer of a property or at the commencement date of a lease or other occupation agreement, or its successor document, as amended from time to time.

GVRHA – means the Gunnison Valley Regional Housing Authority.

Household – means one or more persons who intend to live together on a property as a single housekeeping unit.

Housing Expense – means the amount paid for rent plus utilities, or for the principal, interest, taxes, insurance and any homeowner association dues. It includes all payments necessary to prevent loss of the right to own or occupy a property through failure to pay in a timely manner.

HUD – means the US Department of Housing and Urban Development.

Maximum Resale Price – means the maximum purchase price that may be paid by any purchaser of a property, other than the initial purchaser who acquires the property from the GVRHA or a developer, that is determined in accordance with the provisions in Part IV of these Guidelines. The Maximum Resale Price is not a guaranteed price, but merely the highest price an owner may obtain for the sale of the property which includes all considerations paid to the owner.

Non-Occupying Co-Borrower – a person who is on title merely for the purpose of obtaining lender approval for a buyer's purchase money mortgage and whose intent is to not occupy the property.

Non-Qualified Owner – a person or business who does not meet the definition of a Qualified Owner who is allowed to own a property that must be occupied by a Qualified Occupant.

Owner-Occupied – at least one Qualified Owner holding title occupies the property as their primary residence.

Principal/Primary Residence – a property where the occupants reside a minimum of nine (9) per calendar year.

Qualified Employer – means a business, nonprofit, government agency or essential service provider whose business address is located within Gunnison County, employs persons who reside within Gunnison County, has fulltime employees who perform work in Gunnison County, and whose business taxes are paid in Gunnison County.

Qualified Household – at least one member of the Household is a Qualified Owner.

Qualified Owner – means a natural person who meets the following requirements at the time that he/she takes initial ownership interest or Transfer of interest in a property as qualified by the GVRHA:

1. Has maintained his/her primary and sole residence in Gunnison County, Colorado for six (6) consecutive months immediately preceding taking initial ownership or Transfer of interest in a property, or has a verified employment contract with an employer in Gunnison County that has been accepted by the GVRHA; and
2. Has earned his/her primary source of income (80% or more of all income earned) working a minimum of 30 hours per week on an annual basis, as documented with the United States Internal Revenue Service, within Gunnison County and has demonstrated such to the GVRHA, or has a verified employment contract with an employer in Gunnison County that has been accepted by the GVRHA; and
3. Except as provided for in Part II Section 2 of these Guidelines, does not own any interest in other improved residential property(s). A purchaser who owns residential real estate must convey all interest in said residential property(s) prior to taking initial ownership of Transfer of interest of a property; and
4. A Qualified Household shall not have a net worth that exceeds the limits as provided for in Part I Section 3 of these Guidelines; and
5. Income and asset restrictions are only applicable at the time of purchase and shall be verified by the GVRHA; and
6. Shall occupy the property as his/her sole and exclusive primary residence at all times during ownership of the property.

Qualified Occupant - means a person who meets the following requirements at the time he or she takes initial occupancy of the Property as qualified by the Beneficiaries:

1. Has maintained his/her primary and sole residence in Gunnison County, Colorado for three (3) consecutive months immediately preceding taking initial ownership or Transfer of interest in a property, or has a verified employment contract with an employer in Gunnison County that has been accepted by the GVRHA; and
2. Has earned his/her primary source of income (80% or more of all income earned) working a minimum of 30 hours per week on an annual basis, as documented with the United States Internal Revenue Service, within Gunnison County and has demonstrated such to the GVRHA, or has a verified employment contract with an employer in Gunnison County that has been accepted by the GVRHA; and
3. Does not own any interest in other improved residential property(s). An occupant who owns residential real estate must convey all interest in said residential property(s) prior to taking initial occupancy of a property; and
4. A Qualified Household shall not have a net worth that exceeds the limits as provided for in Part I Section 3 of these Guidelines; and
5. Income and asset restrictions are only applicable at the time of initial occupancy and shall be verified by the GVRHA.
6. Shall occupy the property as his/her sole and exclusive primary residence at all times

during occupancy of the property.

Seasonal Employee - shall mean an employee who is hired into a position for which the period of employment is six months or less.

Seasonal Housing Unit - shall mean a dormitory-style unit with a shared kitchen, bath and living room with a minimum of two private bedrooms and a maximum of four private bedrooms containing a minimum of 220 square feet of living space per bedroom intended primarily for occupancy by Seasonal Employees

Transfer - means an act of a party, or of the law, by which the title to a property is wholly or partially Transferred to another; including but not limited to the sale, assignment voluntary, involuntary or by operation of law (whether by deed, contract of sale, gift, devise, bequest, trustee's sale, deed in lieu of foreclosure, or otherwise) of any interest in the property, including but not limited to a fee simple interest, a joint tenancy interest, a tenancy in common, a life estate, a leasehold interest or any interest evidenced by a land contract by which possession of the property is Transferred and owner retains title, except that, this definition does not include any Transfer of an interest by the GVRHA.
If reviewed and approved in writing by the GVRHA prior to occurrence the following Transfer(s) are exceptions to the definition, provided that the new owner, other than an estate, shall use the property as his/her principal residence:
1. A Transfer resulting from the death of an Owner where the Transfer is to the spouse or domestic partner who is also a Qualified Owner.
2. A Transfer resulting from a decree of dissolution of marriage or legal separation or from a settlement incidental to such a decree by which a Transfer is made to a spouse who is also a Qualified Owner.

Vacant Property – a home that is no longer occupied as a principal residence by the owner for a period of 90 consecutive days, or a property that is unoccupied by a Qualified Occupant for a period of 90 consecutive days.

EXHIBIT C

NOTICE OF INTENT TO SELL OR TRANSFER AFFORDABLE HOUSING UNIT

This document must be completed and submitted to the Gunnison County for any Affordable Housing Unit that is deed-restricted under the Gunnison County Master Deed Restriction.

I/We, _____ as owner(s) hereby declare my/our intent to sell/transfer the property described as:

_____

acknowledging that such property is restricted (including ownership, occupancy and sale of such property) by Gunnison County.

I also hereby request Gunnison County to calculate a Maximum Resale Price for my Affordable Housing Unit, according to a formula in the Unit's deed restriction. When calculating the price, please consider the following to the extent allowed by the Unit's deed restriction:

- Costs of any public improvements for which assessments were imposed by any municipal special improvement as created by or with that municipality since the recordation date of the deed restriction. Documentation of the costs (check one) is_____ is not_____ attached; and

- Costs of capital improvements as approved by Gunnison County or its designee, according to certain requirements as prescribed by the deed restrictions, not to exceed a certain percent of the original purchase price. (A list of capital improvements to my/our unit and documentation of my/our payment(s) for such improvements must be attached along with any required permits from the municipality.)

OWNERS OF AFFORDABLE HOUSING UNIT

_____ _____
Signature Date

_____ _____
Signature Date

GUNNISON COUNTY ACKNOWLEDGMENT OF RECEIPT

_____ _____
By: _____ County Manager Date Received

EXHIBIT E

EXERCISE OF RIGHT OF FIRST REFUSAL

The Board of County Commissioners of Gunnison County _____ will _____ will not exercise its Right of First Refusal for property located at _____.

_____ _____

By: _____, County Manager Date

EXHIBIT F

EXERCISE OF RIGHT OF FIRST REFUSAL

The Gunnison Valley Regional Housing Authority _____ will _____ will not exercise its Right of First Refusal for property located at _____.

_____ _____

By:_____, Executive Director Date