



To: Mayor Michel and Town Council
From: Michael Yerman, Town Planner
Thru: Todd Crossett, Town Manager
Subject: **Affordable Housing Work Session Development and Guideline Update**
Date: December 7, 2015

Background:

Over the last year, Town Staff has been working on two major affordable housing projects. The Town and the Gunnison Valley Regional Housing Authority (“GVRHA”) were successful in receiving tax credit financing for Anthracite Place which is currently under construction. Tax credit projects are extremely competitive and this 30 unit rental project will be online this summer. The Town was also successful in receiving a \$150,000 DOLA grant and raising additional funds through the Housing Foundation and Whatever USA for the infrastructure in Block 79 and 80. This will be completed this spring once the snow melts.

The Town spent considerable funds to get both projects moving this past year. This included the transfer of \$325,000 from the General Fund to pay off the system development fees for Anthracite Place and to pay for Block 79 and 80.

The net result of these efforts has set the Town on the path to adding over 90 additional affordable housing units in the next 5-7 years. However, at this time the Town’s affordable housing fund balance is very low, leaving the Town with only a few viable options to keep pace to go vertical in Block 79 and 80 over the coming year.

During the work session, Town staff will be presenting the Council with a detailed budget update on the Affordable Housing Fund. The Affordable Housing Fund has only one major source of revenue coming from the Resident Occupied Affordable Housing impact development fees averaging about \$130,000 a year. This source of income falls considerably short of providing a sustainable source of funding to build vertical units. The Town is also restricted by TABOR, which does not allow the Town to finance home construction over a 1 year period. Therefore, the Town will need to work with partners to further the mission of providing housing options for its residents.

The Staff will be presenting the Council with a development strategy for the next 5 years, which involves working with several different partners to allow for the development of Block 79 and 80. Joe Rowan, from Funding Partners, will be coming from Fort Collins to discuss possible development strategies and how the Council could find 3 party financing to help assist with the project. This would

mean the Town furthering its partnership with the GVRHA and other partners over the next few years. **Policy direction from the Council on moving forward with this development strategy is essential for the Town Staff to receive during the work session to allow staff to continue to make progress in the coming year.**

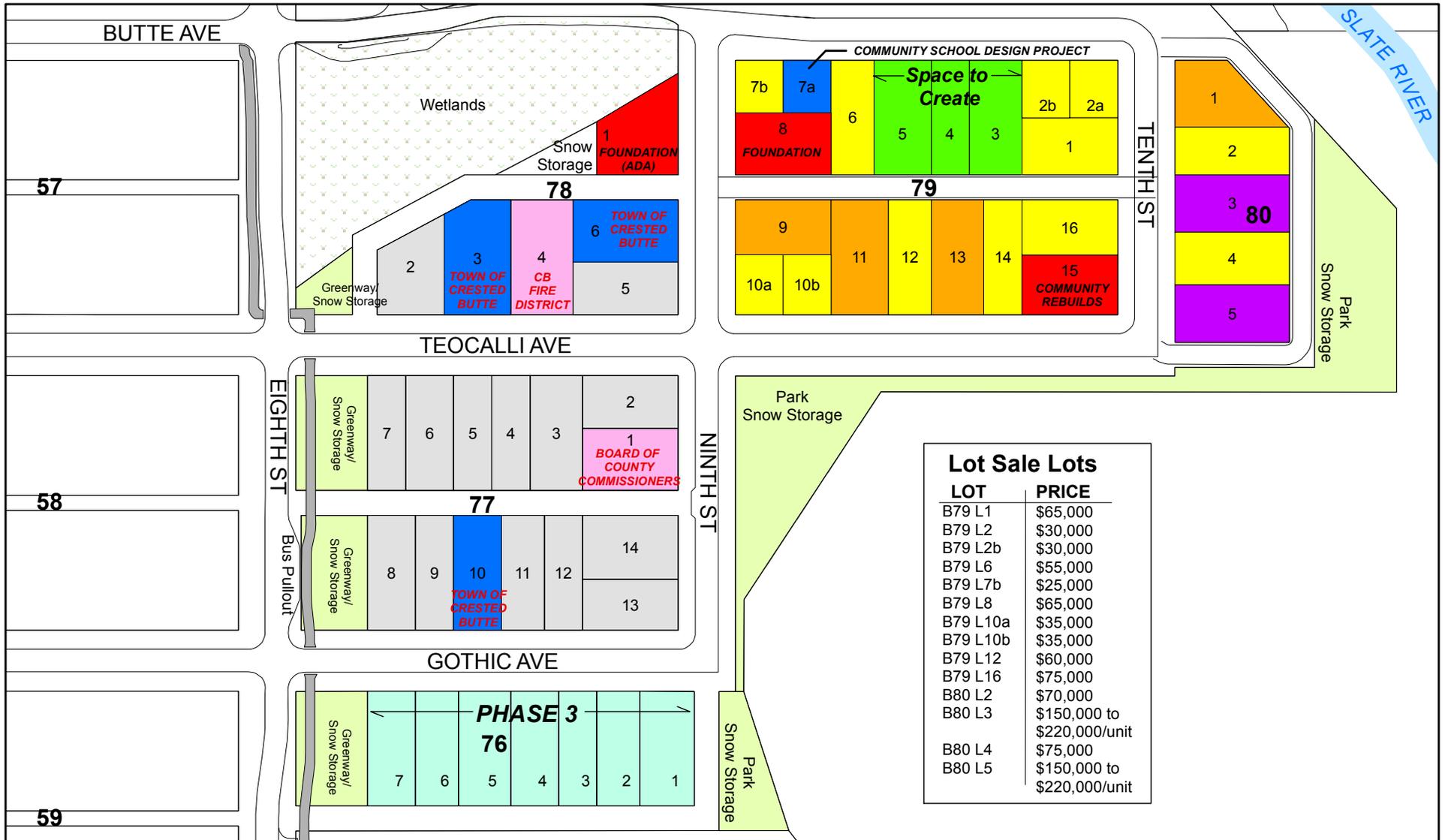
The second major policy discussion with the Council is regarding the Town's new guidelines. These are still in draft form and are attached to this memo. The new Guidelines begin a regional qualifying process which will be administrated by the GVRHA. Both Gunnison County and the City of Gunnison have adopted similar guidelines. The hope is to create a one shop regional approach were potential applicants will go to qualify and view listed units. **Policy direction from the Council on staff continuing to work towards a regional program is essential to receive during the work session.**

Time permitting, Town staff will briefly review the new deed restriction which will be placed on new units. This deed restriction is the legal instrument which will allow the Town to control its own affordable housing stock. The deed restriction will outline the appreciation cap which will keep units affordable for the long term. The deed restriction also creates the legal mechanism for the Town's first right of refusal in the event of foreclosure on a unit.

There is a considerable amount of material to cover. I would encourage Council members to stop by my office Monday prior to meeting to discuss specific questions regarding the attached materials.

The adoption of guidelines in the next month is essential to allowing the Town and GVRHA to begin the qualifying process this winter for over a 150 applicants applying for the spring lottery.

TOWN OF CRESTED BUTTE				
2016 BUDGET				
AFFORDABLE HOUSING	2014	2015	2015	2016
	ACTUAL	BUDGET	PROJECTED	BUDGET
REVENUES:				
AFFORDABLE HOUSING PMT IN LIEU	119,866	90,000	171,000	130,000
DUPLEX/RANCH HOUSE-RENTS	33,187	35,280	35,280	35,280
RED LADY ESTATE RENT	5,100	6,960	5,220	5,220
PARADISE PARK LOT SALES		300,000	0	340,000
PARADISE PARK - UNIT SALES		135,000	137,307	
INTEREST INCOME	80	100	100	100
OTHER/GRANTS	140,000	350,000	475,000	
CONTRIBUTION FROM RESERVE		62,460	56,787	75,200
TOTAL REVENUE	298,233	979,800	880,694	585,800
EXPENSES:				
TEMPORARY HELP			798	
LEGAL FEES	3,000	1,000	3,000	30,000
AUDITING	623	1,200	750	1,000
INSURANCE	3,474	3,600	3,694	4,000
AFFORDABLE HOUSING TAPS	22,665	374,000	374,000	128,500
TRAVEL & EDUCATION		2,000		1,500
HOUSING AUTHORITY	30,000	30,000	30,000	48,000
HOUSING MAINTENANCE	17,706	15,000	15,000	48,000
UTILITIES	3,049	3,000	3,500	3,800
PARADISE PARK - UNIT PURCHASE	127,371			
BLOCK 79/80 INFRASTRUCTURE		550,000	450,000	155,000
DESIGN AND ARCHITECTURE				150,000
NEEDS ASSESSMENT				16,000
OTHER EXPENSES	536		750	
TOTAL EXPENSES	208,424	979,800	880,694	585,800
REVENUE OVER(UNDER) EXPENSES	89,809	0	0	0
FUND BALANCE	288,845	226,385	232,058	156,858
Legal Fees increase for work on lot sales, guidelines, replats				
Affordable Housing Tap Fees-- tap fee make up for 11 units in Paradise Park				
Housing Authority--increase of \$18,000 for GVRHA personnel in CB 3 days per week				

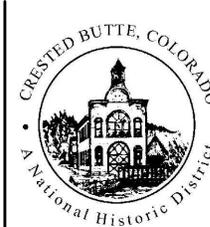
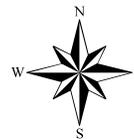


Lot Sale Lots

LOT	PRICE
B79 L1	\$65,000
B79 L2	\$30,000
B79 L2b	\$30,000
B79 L6	\$55,000
B79 L7b	\$25,000
B79 L8	\$65,000
B79 L10a	\$35,000
B79 L10b	\$35,000
B79 L12	\$60,000
B79 L16	\$75,000
B80 L2	\$70,000
B80 L3	\$150,000 to \$220,000/unit
B80 L4	\$75,000
B80 L5	\$150,000 to \$220,000/unit

PARADISE PARK SUBDIVISION DEVELOPMENT STRATEGIES PHASE 2

- Development Strategy**
- Lot Sales
 - Town Build
 - Town Employee
 - Non-Profit Build
 - Space to Create
 - Private Business/Rentals
 - Built-Out Lots
 - Phase 3 - Infrastructure Needed
 - Sidewalk



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Date: October 1, 2015
Filename: ~town-projects\AHP\ParadiseParkDevelopment.mxd

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APPLICABILITY STATEMENT. *These Affordable Housing Guidelines shall be applied to all new residential development that is permitted beyond the date of their initial adoption. If a discrepancy exists between these Guidelines and a recorded Deed Restriction covered by these Guidelines, the Deed Restriction shall prevail. Pre-existing deed-restricted units shall be governed by the existing applicable Town Code. These Guidelines shall be updated annually by the Housing Authority Board of Directors. The Board of Directors will then make a recommendation to the Crested Butte Town Council for acceptance of the update.*

PART I AFFORDABLE HOUSING INCOME CATEGORIES

Rental procedures and sales prices are established in these Guidelines and they apply to employees of **Category 1** through **Category 6** income levels as related to housing costs in Gunnison County and the Town of Crested Butte. In order to carry out this objective, deed-restricted housing units are categorized with the intent to reflect which income levels they are to service as set forth in Sections 1 and 2 below.

- Category 1 Very Low Income*
- Category 2 Lower Income*
- Category 3 Moderate Income*
- Category 4 Middle Income*
- Category 5 Upper Middle Income*
- Category 6 Upper Income*

SECTION 1 INCOME CATEGORIES

Current income amounts are derived from 2015 data provided by the US Dept of Housing and Urban Development (HUD) and the U.S. Census Bureau regarding Area Median Income Levels (AMI) for Gunnison County. Future increases to these amounts are determined annually based upon current year HUD Data Sets, the CPI or 3%, whichever is lower, of the existing maximum income levels.

The maximum gross household income (as defined in the Definitions Section) for each income category is set forth in **Table I**.

The following procedure may be utilized by a qualified household with a Category 1, 2 or 3 income level, but net assets greater than Category 3, desiring to rent or purchase a Category 4, or 5 Unit:

If the household's net assets exceed the Category 3 net asset limit, each \$50,000 of assets over \$175,000 (the Category 3 asset limit) will be treated as \$4,500 of annual income and added to the Gross Household Income. However, should a household's net assets exceed \$400,000, that household will be ineligible for Town of Crested Butte/GVRHA-controlled, deed-restricted housing.

NOTE: THIS PROCEDURE ONLY ALLOWS FOR A HOUSEHOLD TO MOVE INTO CATEGORY 4 OR ABOVE HOUSING UNIT (with corresponding sales prices).

**TABLE I
MAXIMUM INCOMES BY CATEGORY**

Due to the nature of the working adult in Gunnison County/Town of Crested Butte and the wages that are required to maintain a consistent employee base, the Maximum Sales Incomes are not attributed to the number of bedrooms, but will remain the same per household, with an adjustment to dependents only. These Category Numbers correspond with those used by the GVRHA in their current Affordable Housing Guidelines.

TABLE Ia. MAXIMUM INCOMES for RENTAL UNITS

	60%	80%	100%	120%
No. of Adults	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4
1	\$ 30,120	\$ 40,350	\$ 50,200	\$ 60,250
2	\$ 50,200	\$ 66,950	\$ 84,000	\$ 100,850
3	\$ 63,600	\$ 84,800	\$ 95,800	\$ 114,800
Net Asset Limit	\$ 100,000	\$ 125,000	\$ 150,000	\$ 175,000

TABLE Ib. MAXIMUM INCOMES for SALES/Ownership UNITS

	60%	80%	100%	120%	160%	200%
Household Size	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4	CATEGORY 5	CATEGORY 6
1	\$ 30,120	\$ 40,150	\$ 50,200	\$ 60,240	\$ 80,320	\$ 100,400
2	\$ 34,440	\$ 45,900	\$ 57,400	\$ 68,880	\$ 91,840	\$ 114,800
3	\$ 38,760	\$ 51,650	\$ 64,600	\$ 77,520	\$ 103,360	\$ 129,200
4	\$ 43,020	\$ 57,350	\$ 71,700	\$ 86,040	\$ 114,720	\$ 143,400
5	\$ 46,500	\$ 61,950	\$ 77,500	\$ 93,000	\$ 124,000	\$ 155,000
6	\$ 49,920	\$ 66,550	\$ 83,200	\$ 99,840	\$ 133,120	\$ 166,400
Net Asset Limit	\$ 100,000	\$ 125,000	\$ 150,000	\$ 175,000	\$ 225,000	\$ 300,000

PART II RENTING AFFORDABLE HOUSING

NOTE: Provisions found in Town Code Chapter 16, Article 21, Resident-occupied Affordable Housing, as may be amended, shall apply to rental units created after the adoption of these guidelines. Occupants must qualify through the GVRHA and provide the necessary documentation as outlined in these Guidelines. Business-owned Rental units must also provide the necessary documentation for qualifying tenants as outlined in these Guidelines. The GVRHA will qualify a resident based on the provisions reflected in the applicable deed restriction for a particular business-owned rental unit.

SECTION 1 TENANT QUALIFICATIONS TO RENT AFFORDABLE HOUSING

1. To qualify, be eligible, and remain eligible to *rent and reside* in an affordable-housing unit (Category 1, 2, 3, or 4), except for approved seasonal housing units or Town of Crested Butte Employee Housing Units, a person/household may not exceed the following:

TABLE Ia. MAXIMUM INCOMES for RENTAL UNITS

	60%	80%	100%	120%
No. of Adults	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4
1	\$ 30,120	\$ 40,350	\$ 50,200	\$ 60,250
2	\$ 50,200	\$ 66,950	\$ 84,000	\$ 100,850
3	\$ 63,600	\$ 84,800	\$ 95,800	\$ 114,800
Net Asset Limit	\$ 100,000	\$ 125,000	\$ 150,000	\$ 175,000

2. To qualify for tenancy, a person/household must be a full-time employee working in Gunnison County for an employer whose business address is located within Gunnison County, whose business employs employees within Gunnison County, whose state business license denotes an address in Gunnison County, and/or the business taxes are paid in Gunnison County (if an employer is not physically based in Gunnison County, an employee must be able to verify that they physically work in Gunnison County a minimum of 1500 hours per calendar year for individuals, businesses or institutional operations located in Gunnison County); or be a retired person who has been a full-time employee in Gunnison County a minimum of four years immediately prior to his or her retirement (as further defined in the Definition section); or be a handicapped person residing in Gunnison County who has been a full-time employee for a Gunnison County employer a minimum of four years immediately prior to their disability as defined in these Guidelines.
3. The occupying qualified household, at the time of a qualified employee's death, are permitted to remain for the balance of the lease term. The remaining member of the household can remain in the unit beyond the lease term IF the qualified member worked as a qualified employee for at least four years or the remaining member of the household becomes a qualified employee.

4. In a two-person household of two adults only (no dependents as defined in the Guidelines), both adults must be working in Gunnison County to qualify for an additional bedroom.
5. Upon rental of the unit, employee(s) must occupy the unit as their primary residence.
6. The tenant must not own developed residential real estate or a mobile home, or have an interest in an LLC pertaining to such developed real estate or mobile home.
7. Household income and assets may be no greater than the maximum amount specified for the applicable Category 1, 2, 3, or 4. Assets which have been assigned, conveyed, transferred or otherwise disposed of within the last two years without fair consideration in order to meet the net asset limitations shall be valued at fair market prices. Maximum net asset limits for households, which consist of at least one qualified employee of retirement age, shall be 150% of the applicable income category. Fair Market Value will be determined by an appraiser of GVRHA's choice and paid by tenant.
8. If the tenant's residency began prior to ownership by the City, County or the GVRHA (public?) as a result of a "Buy down" situation, and the tenant's residency has been continuous since that time, the tenant must qualify *only* as a full-time employee. The tenant does not have to qualify under the income or asset provisions. The tenant will be required to pay rent commensurate with his or her household income regardless of the price category of the unit.

If a tenant or potential tenant is under review for a non-compliance issue, the tenant or potential tenant will not be approved and/or his or her lease will not be renewed until the non-compliance issue is satisfied.

10. An emergency worker may be placed in the top position of the rental sign-up list if approved as a qualified Emergency Worker through GVRHA review and as defined under the **Definitions** section herein. The applicant's supervisor must request the priority, in writing, to the GVRHA's Executive Director. It is the responsibility of the supervisor to prove to the GVRHA that the employee is a required emergency response priority. When the GVRHA approves an individual or household for priority status, written verification must be provided to the appropriate governing body. At such time, the GVRHA will place the individual at the top of the rental sign-up list for the applicable project(s). Such residents must verify their continued service (see **Definitions**) to that agency for their lease to be renewed. This requirement expires after two years of residency/service.
11. Roommates are permitted under the Guidelines. Individuals residing in two or three bedroom units must, at all times, have the unit filled with qualified tenants. In case of the vacancy of any bedroom, the remaining tenant(s) must find a new qualified person within forty-five (45 days). All tenants shall be qualified through the GVRHA prior to occupancy within that unit's category requirements and must be part of the lease.
12. All qualification requirements must be verified every two years by the GVRHA staff unless the property has a yearly verification requirement.
13. The use and occupancy of the rental units shall be limited exclusively to housing for 'natural person(s)' who meet the enclosed Tenant Qualifications.

SECTION 2 INITIAL QUALIFICATION TO RENT

In order to determine that a person or household desiring to rent an affordable housing unit meets all of the criteria set forth in Part II, Section 1, PRIOR to occupancy, the GVRHA, in coordination with the Town of Crested Butte, must review and have on file specific documentation which provides proof of: residency, employment, income and assets. The GVRHA may request any or all of the following documentation. (All information and documentation received will remain confidential.) It is understood that applicants who are working in traditional jobs are able to provide traditional forms of documentation to verify eligibility. It is also understood that some applicants are working in non-traditional jobs whereby traditional documentation may not be available. In these circumstances, GVRHA may require non-traditional forms of documentation to determine eligibility. If documents provided are still not to GVRHA's satisfaction, the applicant may appeal to the Special Review (Appeals) Committee.

1. Income Verification:

- a. Copy of the previous year's (most current) completed, executed and filed tax return, including federal and state returns and any applicable schedules.
- b. Current income and financial statement verified by the applicant to be true and correct. If there is a variance of 20% or more between the last two years' tax returns, the two years' incomes will be averaged. This will establish the income category. If someone did not have to file an income tax return or just started working full-time, their current income (based on a full year) will be used to establish the household category.
- c. Social Security report of employer(s) and location(s).

If the above information is not available, the applicant must provide other documentation as requested by the GVRHA and to satisfaction of the GVRHA staff.

2. Employment Verification: To Establish program eligibility, the GVRHA may request all or part of the following documentation. In certain instances, such requests may not be limited to the following: (Background and credit checks will be performed after passing this initial qualification level).

- a. All W-2 and/or 1099 forms from the current or previous year (a potential tenant who has applied for a specific unit must provide documentation of employment for the full term that was specified on the Sign-Up sheet).
- b. Recent paystubs (if W-2's are not available).
- c. Employer(s) name, address, telephone and dates of employment.
- d. GVRHA's "Employment Verification Form" [signed by employer(s)].
- e. Evidence of legal residency.
- f. Landlord verification of residency, stating specific dates.
- g. Valid Colorado Driver License.
- h. Valid Gunnison County Voter Registration.
- i. Court-approved Divorce Decree or Separation Agreement, including alimony, division of assets, custody and child support. A copy must indicate that it has been entered in the record with all exhibits and supplements attached.
- k. A picture I.D. (driver's license, state issued ID card, passport, etc.) is required.

If the above information is not available, the applicant must provide other documentation as requested by the GVRHA and to the satisfaction of GVRHA staff.

3. **SELF-EMPLOYMENT:** When someone is self-employed and works too few or no hours for an employer, then the number of hours worked in Gunnison County must be clearly documented by providing some, if not all, of the following:
- a. A complete copy of the applicant's most recent tax returns, including Federal tax returns, Schedule C (profit and loss statement) and all other completed schedules, and State tax returns and copies of most recent W2's and or 1099's for each job (if applicant received W2's and/or 1099's).
 - b. Copies of any paycheck stubs received by the employee or an up-to-date profit and loss statement.
 - c. A copy of a current business license for a business in the applicable municipality, if required.
 - d. Copy of a lease if the applicant rents office space located in Gunnison County.
 - e. The following documentation must be provided if a, b, c and d above does not verify the employment requirement and the residency requirement.
 - 1) *A copy of a current detailed work log or appointment book for the last year (or at least the last quarter) listing hours worked each day for each job or appointment and clients/customers' names and local addresses. Time spent in marketing, accounting and other administrative tasks in support of the business will also count towards the 1,500 hours per year employment requirement if the applicant can clearly demonstrate to the GVRHA that this is the case.*
 - 2) *Copies of invoices sent to clients/customers, particularly if the invoices reflect the amount of time spent on the job invoiced (and copies of payment for invoiced work);*
 - 3) *A Client/Customer_List, which would provide client names with local telephone numbers and local addresses, type of work done, and approximate time spent with client per appointments in a year.*
 - 4) *Any additional documentation the GVRHA may require verifying the applicant is employed in Gunnison County and occupying the unit as their primary residence, such as business and personal banking records, utility bills, payments received, etc.*

It is the responsibility of the applicant to clearly demonstrate that he/she is meeting the full-time employment and residency criteria. If the household does not specifically fall under the current policy, the household may request a Hearing before the Board for review.

Due to the need for an employer to house their employees on-site, for rental units owned by employers, if the deed-restricted housing is located on-site of the business, the employer may choose the tenant. If the income and/or assets are greater than the maximum allowed for that specific unit, that employee's income and/or assets shall be waived. All other qualifications must be adhered to.

Note: Applicants for Affordable Housing must attest on the application that all information provided is true and accurate. If any of the information is determined to be false or non-verifiable, the applicant may be subject to disqualification by the GVRHA. If any of the information is determined to be false or non-verifiable after the applicant has qualified, the lease will be terminated immediately. If such documentation is determined to be false, the applicant may be denied future participation in the affordable housing program.

SECTION 3

MAINTAINING ELIGIBILITY FOR RENTAL OF AFFORDABLE HOUSING

The status of Renters/Tenants of Town of Crested Butte Affordable Housing Units shall be reviewed and verified every two years to ensure that they continue to meet the requirements of the Guidelines, including but not limited to: Minimum Occupancy, Income and Asset Requirements, and Employment. The Town of Crested Butte or the GVRHA shall notify the landlord to provide the tenant written notice of the requalification at least thirty (30) days prior to the expiration of the two years. The GVRHA Rental Approval form should accompany this notice. The landlord shall disclose in the lease that the tenants must re-qualify every two years. Breach by the tenant and/or owner of the Guidelines or agreement /deed restriction will be considered a violation and result in denying any further participation in the affordable housing program. See Part VI, Compliance.

TOWN and GVRHA Responsibilities:

1. If a complaint is received, it is forwarded to GVRHA staff, who researches the complaint. If staff finds grounds to move forward, the first compliance letter will be mailed within 30 calendar days of receipt of the complaint. The bi-annual requalification request will be treated as a compliance letter.
2. If the tenant and/or landlord (whichever applies) does not respond within two weeks to the initial compliance letter, a second compliance letter will be sent. The first and second compliance letters will be sent by regular mail.
3. If the tenant and/or landlord does not respond to the second compliance letter within two weeks, and/or if the compliance situation is not fully resolved within 60 calendar days from the date of the first letter, a Notice of Violation (NOV) letter will be sent to the landlord. The NOV will provide the landlord an option if they wish to dispute the violation by requesting a GVRHA Board Grievance Hearing (GVRHA Appeals Committee) in writing within 15 calendar days from the date of the NOV letter. The NOV letter will be sent by regular and certified mail. GVRHA staff will also notify the Town of Crested Butte Planning Director and GVRHA Board when a NOV letter is sent. For confidentiality purposes, the landlord situation will be referred to by a case number only, with no mention of client name or address, and will briefly outline the case.
4. If the landlord does not respond or does not request a GVRHA Board hearing, or the landlord does not request a Board hearing within the specified deadline, GVRHA staff will send a final letter to the landlord. For ownership units, the final letter will state the owner has 30 days to list his/her unit with the GVRHA and that appreciation has stopped. For rental units, the tenant will be notified that the applicable lease will terminate by a date agreed upon by the Town/GVRHA and the Property Manager (end of lease term or the Property Manager may choose to pursue legal eviction). The final letter will be sent by regular and certified mail.
5. Should a tenant or owner be receiving unemployment benefits, the tenant or owner must still meet the 1500-hour per calendar year work requirement.

Landlord Responsibilities:

1. The landlord shall provide disclosure in the lease that tenants must be qualified every two years and must reapply in the second year.
2. The landlord shall provide the tenant written notice of the requirement for requalification at least thirty (30) days prior to the expiration of the two years. The GVRHA Rental Approval form should accompany this notice.

3. Provide the GVRHA a copy of the lease signed by both parties, prior to tenant occupancy.

Tenant Responsibilities:

1. Tenant must meet all of the Initial Qualifications stated previously in Part III, Section 1. Should a tenant not meet the income/asset requirements of the category unit, the tenant shall have one year to come into compliance or find another place to live. A tenant who has entered into the bidding process to purchase a deed-restriction unit and is looking for other rental opportunities has one additional year to reside in the unit. However, the rent shall be increased to the category that matches the tenant's income.
2. Once a tenant receives a letter from the GVRHA, the tenant must provide the completed form and/or any additional documentation requested by the deadline stated in the letter.
3. If a tenant wishes to dispute a NOV, the tenant must submit a written request for a Board Grievance Hearing within the deadline stated in the tenant's NOV letter.
4. Once a tenant receives a final letter, the tenant will be notified their lease will terminate by a date agreed upon between the GVRHA and the designated Property Manager.
5. If the client does not respond by the final deadline, legal counsel will follow-up with appropriate legal action.
6. The tenant must pay a requalification fee, as stated in the Fee Schedule adopted on a yearly basis, when the documentation is filed with the GVRHA.

SECTION 4 MANAGEMENT OF RENTAL UNITS

Private management companies might manage many of the deed-restricted rental properties. Each specific complex may differ in its rental procedures. ***Persons desiring to rent a Deed-Restricted unit must meet employment, income and asset requirements, as well as minimum occupancy.*** Please contact the GVRHA or individual property managers for specific rental information.

If a qualified tenant of a deed-restricted rental unit requests NW Colorado Legal Services (“NWCLS”) to resolve a housing dispute, NWCLS will contact the landlord to initiate mediation between the landlord and the tenant. If the landlord refuses to participate in the mediation process, NWCLS may directly assist the tenant to pursue their legal claim. If the parties are unable to resolve their dispute, NWCLS will refer the parties to private counsel, or for qualified tenants, NWCLS will attempt to place their case with a pro bono attorney for direct representation.

SECTION 5 RENTAL SIGN-UP POLICY

The GVRHA advertises any vacancies, other than Town-owned employee units, in the classified section of the local weekly newspapers and/or on the GVRHA website. Any interested party may sign up for that specific unit in the GVRHA office at 202 E. Georgia in Gunnison or via electronic submittal to the GVRHA. Staff reviews the sign-up list and contacts the household with the most years worked full-time in Gunnison County. The interested applicant(s) must provide proof of their work history in Gunnison County for all the years stated on the application form.

PART III
PURCHASING AFFORDABLE HOUSING

SECTION 1
QUALIFICATIONS TO PURCHASE AFFORDABLE HOUSING

1. To qualify, be eligible, and remain eligible to *purchase and reside in* an affordable-housing unit, a person/household must meet the following criteria and must not exceed the maximum income as stipulated in the table below. Once ownership is established for each specific unit, the household does not have to continue to comply with income, assets or minimum occupancy standards.

TABLE Ib. MAXIMUM INCOMES for SALES/Ownership UNITS

	60%	80%	100%	120%	160%	200%
Household Size	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4	CATEGORY 5	CATEGORY 6
1	\$ 30,120	\$ 40,150	\$ 50,200	\$ 60,240	\$ 80,320	\$ 100,400
2	\$ 34,440	\$ 45,900	\$ 57,400	\$ 68,880	\$ 91,840	\$ 114,800
3	\$ 38,760	\$ 51,650	\$ 64,600	\$ 77,520	\$ 103,360	\$ 129,200
4	\$ 43,020	\$ 57,350	\$ 71,700	\$ 86,040	\$ 114,720	\$ 143,400
5	\$ 46,500	\$ 61,950	\$ 77,500	\$ 93,000	\$ 124,000	\$ 155,000
6	\$ 49,920	\$ 66,550	\$ 83,200	\$ 99,840	\$ 133,120	\$ 166,400
Net Asset Limit	\$ 100,000	\$ 125,000	\$ 150,000	\$ 175,000	\$ 225,000	\$ 300,000

NOTE: A household can qualify to purchase a unit in a higher category.

2. To qualify for ownership, at least one person in a qualifying household must be a full-time employee working in Gunnison County for an employer whose business address is located within Gunnison County, whose business employs workers within Gunnison County, whose state business license denotes a Gunnison County address, and/or the business taxes are paid in Gunnison County (if an employer is not physically based in Gunnison County, an employee must be able to verify that they physically work in Gunnison County a minimum of 1500 hours per calendar year for individuals, businesses or institutional operations located in Gunnison County); or be a retired person who has been a full-time employee in Gunnison County a minimum of four years immediately prior to his or her retirement (as further defined in the Definition section); or be a handicapped person residing in Gunnison County who has been a full-time employee for a Gunnison County employer a minimum of four years immediately prior to their disability as defined in these Guidelines.

3. At the time of a qualified employee's death the surviving household members are permitted to remain in the unit. If the remaining household member is a minor child (under the age of 18), the ownership of said unit may remain with the household; however, upon completion of high school and/or a four-year higher educational program, the minor child must return to Gunnison County and begin working full time to retain ownership of the unit.
4. In a two-person household of two adults only (no dependents as defined in the Guidelines), income-earning adults must be working in Gunnison County to qualify for an additional bedroom. Both qualified adults must continue to work in Gunnison County until they become a qualified retiree as stated in the Guidelines.
5. Upon purchase of the unit, employee(s) shall occupy the unit as the primary residence and maintain at least the minimum work requirement until retirement age as specified in these Guidelines.
6. The purchaser/owner must not own developed residential real estate or a mobile home. If such property is owned, the purchaser/owner must list for sale, at competitive market prices, the residential real estate or mobile home prior to or simultaneously with closing on the affordable housing unit and still meet the asset/income limitations as set forth in Table I. The purchaser must provide the GVRHA with a copy of the appraisal of the property. Upon the sale, a copy of the closing documents indicating the sale price must be provided to the GVRHA. If the property is not sold by the time of closing on the affordable-housing unit, it must remain listed until sold. The owner has 180 days to sell the free- market unit. After such time, the owner must list and sell the deed-restricted unit according to their deed-restriction.
7. The purchaser/owner must have total current household income and assets no greater than the maximum amount specified in Part III, Section 1, for the particular category. At no time can a member of the same household bid separately UNLESS they provide proof of a legal separation and/or divorce. At no time can a member of a household in a specific category bid on a lower category unit. Assets which have been assigned, conveyed, transferred, or otherwise disposed of within the last two years without fair consideration in order to meet the net asset limitations shall be valued at fair market prices. Fair Market Value will be determined by an appraiser (approved by the GVRHA) and paid by owner. Maximum net asset limits for households, which consist of at least one qualified employee of retirement age, shall be 150% of the applicable income category. This is applicable at the time of purchase ONLY. After purchase, owners must continue to work full-time in Gunnison County until retirement age as stated in the Guidelines AND live in the unit at least nine months out of each calendar year to continue to own and reside in deed-restricted housing. For the purposes of entering a lottery, an individual can be a member of one household at one time. Each name can appear only one time in a lottery.
8. The ownership of any property owned by a qualifying buyer shall be considered in determining Maximum Net Assets.
9. Each owner is required to sign a Requalification Affidavit every two years verifying continuation of work in Gunnison County AND residing in the unit at least nine months out of each calendar year.

NOTE: Any individual or household who is under review for a possible non-compliance issue may not enter any new lotteries, including in-complex bids, until the non-compliance issue has been satisfied. The owner MUST also be in good standing with their homeowners' association and a notarized document from the HOA will be required at the time of application.

SECTION 2
MAXIMUM VALUATION and SALES PRICES of AFFORDABLE HOUSING UNITS

Table II below sets forth the Maximum Sales Prices and Valuations of Owner-built units for newly deed-restricted affordable housing units in the Town of Crested Butte. The maximum resale price of a unit shall be controlled by the Deed Restriction covering the unit executed by the initial purchaser or lot owner/builder upon closing of the initial purchase or closing on the land, whichever is applicable. **NOTE:** *The following prices are MAXIMUM limits. A developer should not assume that constructing units and marketing them at the maximum sales price will be satisfactory to the GVRHA. Prices are dependent upon unit size, location, and levels of public buy-down of land and construction costs/fees. An Owner of a subsidized lot who constructs a dwelling unit on such lot will not be assigned a value greater than what is outlined as the maximum value below. This maximum value includes the costs of construction, interest and fees combined with the land basis.*

TABLE II. Maximum Pricing and Valuation for Deed-Restricted Ownership Units

UNIT TYPE	Calc Factor	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4	CATEGORY 5	CATEGORY 6
1 BDRM	1.5	n/a	\$ 126,147	\$ 157,738	\$ 189,286	\$ 252,381	\$ 315,476
2 BDRM	3	n/a	\$ 151,435	\$ 189,403	\$ 227,284	\$ 303,045	\$ 378,806
3 BDRM	4.5	n/a	\$ 174,890	\$ 218,722	\$ 262,467	\$ 349,956	\$ 437,445
4 BDRM	5	n/a	\$ 181,633	\$ 227,225	\$ 272,670	\$ 363,560	\$ 454,450

SECTION 3 INITIAL QUALIFICATION TO PURCHASE

In order to determine that a person or household desiring to purchase an affordable housing unit/lot meets all of the criteria set forth in Part III, Section 1, the GVRHA or Town of Crested Butte must review and have on file specific documentation which provides proof of: residency, employment, income and assets. The GVRHA may request any or all of the following documentation. **NOTE: All information and documentation received will remain confidential.**

It is understood that applicants who are working in traditional jobs are able to provide traditional forms of documentation to verify eligibility. It is also understood that some applicants are working in non-traditional jobs whereby traditional documentation may not be available. In these circumstances, the Town or GVRHA may require non-traditional forms of documentation to determine eligibility. If documents provided are still not to the GVRHA's satisfaction, the applicant may appeal to the Special Review (Appeals) Committee.

1. Income Verification:

- a. Copies of the past two years completed, executed and filed tax returns, including federal and state returns and any applicable schedules, with W2's attached.
- b. Current income and financial statement verified by the applicant to be true and correct. If there is a variance of 20% or more between the last two years' tax returns, the two years' incomes will be averaged. This will establish the income category. If someone did not have to file an income tax return or just started working full-time, their current income (based on a full year) will be used to establish the household category.
- c. Social Security report of employer(s) and location(s), or W2's for all the years worked in Gunnison County.

If the above information is not available, the applicant must provide other documentation as requested by the GVRHA and to GVRHA staff satisfaction.

2. Employment Verification:

- a. All W-2 forms from a minimum of the previous three (3) years (purchase); paystubs will be accepted if W-2's cannot be provided.
- b. Recent pay stubs.
- c. Employer(s) name, address, telephone and dates of employment.
- d. GVRHA's **Employment Verification Form** [signed by employer(s)].
- e. Evidence of legal residency.
- f. Landlord verification of residency, specific dates.
- g. Valid Colorado Driver's License.
- h. Valid Gunnison County Voter Registration Card.
- i. Court approved Divorce Decree or Separation Agreement including alimony and child support. A copy must indicate that it has been entered in the record with all exhibits and supplements attached.
- j. Applicants desiring to purchase a unit will be required to sign a release in order for the GVRHA

to obtain a copy of the loan application from the lender.

- k. Any additional information the GVRHA will require verifying the applicant's full-time residency in their unit, e.g., business and personal banking records, utility bills, Picture I.D., etc.

NOTE: If the above information is not available, the applicant must provide other documentation as requested by the Town of Crested Butte or the GVRHA.

- 3. When someone is self-employed and works too few or no hours for an employer, then the number of hours worked in Gunnison County must be clearly documented by providing:
 - a. A complete copy of the applicant's most recent tax returns, including Federal tax returns , Schedule C (profit and loss statement) and all other completed schedules, and State tax returns and copies of most recent W2's, 941's, and/or 1099's for each job (if applicant received W2's, 941's and/or 1099's).
 - b. Copies of any paycheck stubs received by the employee and/or an up-to-date profit and loss statement.
 - c. A copy of a current applicable business license for a business address in Gunnison County.
 - d. Copy of a lease for any office space rented by the applicant located in Gunnison County.
 - e. The following documentation must be provided if a, b, c and d above does not verify the employment requirement and the residency requirement.
 - 1) A copy of a current detailed work log or appointment book for the last year (or at least the last quarter) listing hours worked each day for each job or appointment and clients' names and local addresses. Time spent in marketing, accounting and other administrative tasks in support of the business will also count towards the 1,500 hours per year employment requirement if the applicant can clearly demonstrate to the GVRHA that this is the case.
 - 2) Copies of invoices sent to clients, particularly if the invoices reflect the amount of time spent on the job invoiced (and copies of payment for invoiced work);
 - 3) A Client List, which would provide client names with local telephone numbers and local addresses, type of work done, and approximate time spent with client per appointments in a year.
 - 4) Any additional documentation the Town or GVRHA may require to verify the applicant is employed in Gunnison County and occupying the unit as their primary residence, such as business and personal banking records, utility bills, payments received, etc.

It is the responsibility of the applicant to clearly demonstrate that he/she is meeting the full-time employment and residency criteria. The applicant must provide documentation to the Town and GVRHA's satisfaction. If the household does not specifically fall under the current policy, the household may request a Hearing before the Special Review Committee for review.

Note: Applicants for Town of Crested Butte and/or GVRHA deed-restricted housing must attest on the application that all information provided is true and accurate. If any of the information is determined to be false or non-verifiable, the applicant may be subject to disqualification by the GVRHA.

SECTION 4

MAINTAINING ELIGIBILITY FOR OWNERSHIP OF AFFORDABLE HOUSING

There is not a requalification requirement to meet Income, Asset and Minimum Occupancy for persons who have purchased and own an affordable-housing unit. The household must remain a qualified employee or retiree, continue to occupy the unit as their primary residence as defined in these Guidelines as they are amended from time to time. GVRHA will require all owners to complete and sign a Requalification Affidavit on a biennial basis.

The GVRHA has the right to request additional documentation through an audit or follow-up on a complaint to show proof of employment and residency. Additional documentation may include items previously stated in Section 1 above.

All qualification items under Part III, Section 1, 1-5 shall apply to continue ownership.

TOWN and GVRHA RESPONSIBILITIES

1. If a complaint is received, it is forwarded to the GVRHA Executive Director, who researches the complaint. If Town and GVRHA staff finds grounds to move forward, the first compliance letter will be mailed within 30 calendar days of receipt of the complaint or if the bi-annual Affidavit has not been returned. The bi-annual affidavit will be treated as a compliance letter.
2. If the owner does not respond within two weeks to the initial compliance letter, a second compliance letter will be sent. The first and second compliance letters will be sent by regular mail.
3. If the owner does not respond to the second compliance letter within two weeks, and/or if the compliance situation is not fully resolved within 60 calendar days from the date of the first letter, a Notice of Violation (NOV) letter will be sent to the owner. The NOV will provide the owner an option if they wish to dispute the violation by requesting a Board Grievance Hearing in writing within 15 calendar days from the date of the NOV letter. The NOV letter will be sent by regular and certified mail. The GVRHA will also notify the Board when a NOV letter is sent. For Board update purposes, the owner will be referred to by a case number only, with no mention of client name or address, and will briefly outline the case.
4. If the owner does not respond or does not request a Board hearing, or the owner does not request a Board hearing within the specified deadline, the GVRHA will send a final letter to the owner. The final letter will state the client has 30 days to list their unit with the GVRHA and that their appreciation has stopped. The final letter will be sent by regular and certified mail.

OWNER RESPONSIBILITIES

1. Owner must meet and maintain all of the initial qualifications previously stated in Section 1 except for the income/asset qualification.
2. When vacant land is owned and the same qualified household owns an affordable-housing unit, the land must remain unimproved. When that land is improved with a certified residential unit(s), the individual must relinquish the deed-restricted unit by listing and selling that deed restricted unit.
3. Ownership of Other Property :
 - Persons owning improved residential property while at the same time residing in Town or GVRHA deed

restricted housing (NOT FREE MARKET HOUSING) prior to *ADOPTION DATE*, will be allowed to retain ownership of that specific free market residential property and still continue to reside in their current GVRHA deed-restricted home. However, once the free market residential property is sold, the person residing in affordable housing may not acquire additional developed residential property while still residing in deed-restricted housing.

- No household that currently owns any developed residential property may purchase Town-controlled deed-restricted property within the Town of Crested Butte.

NOTE: A business owner, who owns a deed restricted unit in the Town of Crested Butte, has an opportunity to purchase another unit in Gunnison County under the following conditions:

- the business Owner would contact the Town or the GVRHA that a unit has been found in the free market that they would like to purchase;
- the business owner would then discuss with the Town or the GVRHA the needs of the owner;
- the specific Category would be agreed to by both parties (the business owner and the Town - with the assistance of the GVRHA), and
- the Town, with the assistance of the GVRHA, has the option to approve the request as long as a recorded deed restriction is placed on the free market property relating to the business.
- if an agreement cannot be reached between the Town and the business owner, regarding how to manage the purchase of the property, said disagreement is equivalent to a denial by the Town and the GVRHA.

The employer would only be allowed to rent the unit to a qualified employee in the Town of Crested Butte. Should the Owner be unable to lease the unit to a qualified employee working in Crested Butte within 180 days of initial advertisement, the owner would be allowed to rent to any other qualified employee working in Gunnison County.

4. Owner must make timely payment of all regular and special assessments duly imposed upon the property by the applicable homeowners' association.
5. Once an owner receives a NON-COMPLIANCE NOTICE ("NCN") from the GVRHA, the owner must provide the applicable completed form and/or additional documentation in the manner outlined in the non-compliance NOTICE.
6. Should the owner be found out of compliance, the appreciation on the unit will be suspended until compliance is re-established.
7. If an owner wishes to dispute the NCN, the owner must submit a written request for a Board Grievance Hearing within the deadline stated in the NCN. The owner will then be scheduled for a hearing at the next available Board meeting. The Owner and the GVRHA will each be allowed one extension of the originally scheduled Board meeting. Per the GVRHA Guidelines and Grievance procedures, "the decision of the Board shall be binding and the GVRHA shall take all action necessary to carry out their decision."
8. Once an Owner receives a Final NOTICE of Non-compliance, the Owner shall list his/her unit for sale within 30 days.
9. If the Owner does not respond and/or if the Owner does not list said unit by the final deadline, legal counsel

will follow-up with appropriate action.

SECTION 5

PRIORITIES FOR PERSONS BIDDING TO PURCHASE AN AFFORDABLE HOUSING UNIT

When necessary, the Town and the GVRHA will operate a lottery for the sale of affordable housing properties. The qualified person(s) submitting the highest bid price, which does not exceed the maximum bid price, during the bid period shall have the first right to negotiate the purchase of the unit. If two or more qualified bids are submitted at the highest bid price, they shall receive preference and be prioritized for selection as the top bidder in the order outlined below. A person bidding to purchase a newly-built housing unit, may only enter the lottery process for a maximum of two properties in any one year. NOTE: Items 1-4 of this page do not pertain to the initial sales of new properties.

1. Persons with a present ownership interest Joint or Tenants In Common, in the affordable housing unit.
2. Person(s) chosen by the remaining owner(s) to purchase the interest of another owner, as long as the household is qualified as defined herein. ANY OTHER OWNERSHIP INTEREST MUST BE APPROVED BY SPECIAL REVIEW IF NOT UNDER A COURT ORDER DUE TO DISSOLUTION PROCEDURES AND SOLD TO A QUALIFIED EMPLOYEE. This review can be conducted administratively between the Town and GVRHA.
3. Qualified spouses and/or children of current owners, including joint custody of the children, and/or qualified parent(s) meeting minimum occupancy. A transfer between siblings is permitted; however, any person who is gaining ownership by a transfer between a family member (as defined in these Guidelines) must qualify fully under that specific category. Any transfer must be to an actively employed Gunnison County employee as defined herein. For example, if the unit is a Category 3 unit, the sibling must qualify as a fully qualified Category 3 person with a work history of at least the last four years. *Transfer within immediate family to a qualified buyer requires a \$100 transfer fee, and must be approved by the GVRHA prior to the transfer. The qualified buyer is also required to enter into a new deed restriction during the transfer process.*
4. Persons living in and owning another unit within the complex who meet minimum occupancy standards. A person must have owned his/her in-complex unit for at least one year prior to receiving the in-complex priority; however, a household who has owned less than one year can also receive an in-complex priority if a person with at least one year ownership in that complex has not applied or will be in the next highest priority. However, in new developments, the initial owner of a new unit may exercise the "in-complex" priority prior to a one-year ownership as long as minimum occupancy is met and the household still qualifies within the category of the unit opening up. If there are more than one in-complex bids meeting minimum occupancy¹, a lottery will be held by giving the number of chances as stipulated below. On an in-complex move, a unit must open up to bid to other qualified persons before receiving the in-complex priority. For new multi-phase projects, the in-complex priorities will apply after completion of each phase; however, the initial owner may exercise the "in-complex" priority prior to a one-year ownership within the phase associated with that household's unit and may not exercise the in-complex priority in any other additional employee-housing phases of the project. The in-complex priority DOES NOT apply to any single-family homes.

¹ Minimum Occupancy (Definitions) as used herein is one person (with an ownership interest) per bedroom and/or a Dependent. A Dependent can be counted towards a bedroom's occupancy as stipulated in the Definitions Section.

NOTE: No bids will be accepted for a household that is in a higher category than the dwelling unit that is being sold. Priorities for the lottery process are as follows for each specific unit size.

STUDIO UNITS

1. A single person with four or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
2. A household greater than one with four or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
3. A household with one to four years of consecutive years of employment in Gunnison County immediately prior to application for purchase.
4. A household with less than four years of consecutive years of employment in Gunnison County immediately prior to application for purchase.

ONE-BEDROOM UNITS

1. A household of one or more qualified employees with three (3) or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
2. A household of one or more qualified employees with one to three consecutive years of employment in Gunnison County immediately prior to application for purchase.
3. A household of one or more qualified employees with less than one consecutive year of employment in Gunnison County immediately prior to application.

TWO-BEDROOM UNITS

1. A household of at least two qualified employees or one qualified employee and one dependent which said employee(s) has three (3) or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
2. A household of at least two qualified employees or one qualified employee and one dependent which said employee(s) has worked one to three consecutive years of employment in Gunnison County immediately prior to application for purchase.
3. A household of at least two qualified employees or one qualified employee and one dependent which said employee(s) has worked less than one consecutive year of employment in Gunnison County immediately prior to application.
4. A household of one with three (3) or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
5. A household of one with one to three years of consecutive years of employment in Gunnison County immediately prior to application for purchase.
6. A household of one with less than one year of consecutive employment in Gunnison County immediately prior to application for purchase.

THREE-BEDROOM UNITS

1. A household of at least two qualified employees and one dependent, or one qualified employee with two dependents which said employee(s) has four or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
2. A household of at least two qualified employees and one dependent, or one qualified employee and two dependents which said employee(s) has worked one to four consecutive years of employment in Gunnison County immediately prior to application for purchase.
3. A household of at least two qualified employees and one dependent, or one qualified employee and two dependents which said employee(s) has worked less than one consecutive year of employment in Gunnison County immediately prior to application.
4. A household of at least two qualified employees or one qualified employee and one dependent which said employee(s) has four or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
5. A household of at least two qualified employees or one qualified employee and one dependent which said employee(s) has worked one to four consecutive years of employment in Gunnison County immediately prior to application for purchase.
6. A household of at least two qualified employees or one qualified employee and one dependent which said employee(s) has worked less than one consecutive year of employment in Gunnison County immediately prior to application.
7. A household of one with four or more consecutive years of employment in Gunnison County immediately prior to application for purchase.
8. A household of one with one to four years of consecutive years of employment in Gunnison County immediately prior to application for purchase.
9. A household of one with less than four years of consecutive years of employment in Gunnison County immediately prior to application for purchase.

If you have left Gunnison County and then returned, you may only become re-eligible for affordable housing if you meet all of the following criteria: 1) worked in Gunnison County at least three (3) years prior to your absence; 2) your absence has been for no longer than two years; 3) currently employed for at least 30 hrs/wk in Gunnison County; and 4) annual income will be based on current annual income or annual income in Gunnison County prior to your absence, whichever is greater.

Each household in the top priority level reflected above will receive the following number of chances. These chances relate only to those households who have worked in Gunnison County three (3) years or more. Any other applicant who has worked in Gunnison County less than three (3) years, will receive only one chance if a separate lottery is held.

Working in Gunnison County greater than 3 years, less than 5 years	5	chances
Working in Gunnison County greater than 5 years, less than 8 years	6	chances
Working in Gunnison County greater than 8 years, less than 10 years	7	chances
Working in Gunnison County greater than 10 years, less than 15 years	8	chances
Working in Gunnison County greater than 15 years	9	chances
Working in Gunnison County greater than 20 years	10	chances

NOTE: One additional chance will be awarded to an applicant meeting the following provisions. One chance will be added for meeting each provision.

- 1) Essential Service Worker working in Gunnison County for at least 3 years. An Essential Service Worker working in Gunnison County less than three years will be allowed to enter the lottery process with five (5) chances.
- 2) Completion of a Town-approved Homeownership Training. Submittal of a signed certificate from the Trainings instructor should be made with application for ownership qualifying.

After prioritization, names of bidders with the highest bids of equal amounts and equal priority status shall be placed in a lottery which will be held within a reasonable amount of time following the deadline for bids.

If the terms of the proposed purchase contract, other than maximum price, as initially presented to the owner, are unacceptable to the owner, there shall be a mandatory negotiation period of three (3) business days. During this period, the owner and potential buyer shall endeavor to reach an agreement regarding said terms, including but not limited to the closing date and financing contingencies. If the owner and buyer have not reached an agreement at the end of the negotiation period, the next bidder's offer will then be presented to the owner for consideration. A new three-business day negotiating period will begin. All follow-up qualified bids will be processed in a like fashion until the unit is sold or all bids are rejected. If the owner rejects all bids, the unit shall be placed back on the market for new bids or withdrawn from sale. The owner shall be subject to the provisions of Part V, Section 3, paragraph 1, regarding sales fees.

NOTE: If a unit has been expanded to include another bedroom, minimum occupancy shall be based on the original bedroom count (e.g., for a 1-bedroom unit expanded to a 2-bedroom unit, a single person household would meet minimum occupancy, and the unit would be marketed as a one-bedroom unit). This standard is in place to maintain capital improvements limitations; thus, maintaining affordability for a specific Income/Household Category.

EXCEPTIONS TO PRIORITIES SUBJECT TO (SPECIAL REVIEW):

1. Essential Service Workers (“ESW”) (see Definitions) meeting minimum occupancy requirements may qualify for placement into the top lottery priority (except paragraphs 1, 2, 3 and 4, of Part III, Section 5). The ESW may compete with other applicants in that category (with a maximum of 5 chances) upon approval from the GVRHA Appeals Committee. In order to receive the Essential Service priority, the ESW must have been in service to the community with a specific Essential Service business or agency for at least one year. The worker will be required to be in service to the business or agency as a qualification of ownership until they have completed four years of service. If the worker leaves the emergency status position before that time, they will be required to list their unit for sale to a qualified employee. (The option for Special Review of circumstances for leaving is open to emergency workers.)
2. After in-complex bidders for re-sale units or initial sale units, first priority for mobility disability units shall be given to physically disabled persons prioritized by length of residency and who meet the definition of a mobility disability. The applicant must meet GVRHA's Guidelines criteria for a mobility disability as well as other minimum occupancy criteria to receive this priority.
3. Persons removed from their residence in the Town of Crested Butte due to conversion or reconstruction

of their residence by government action may receive higher priority upon Special Review.

4. It is within the discretion of the GVRHA and Town of Crested Butte to determine that any deed-restricted unit located in a condominium or subdivision, which also includes free-market units, has been rendered unaffordable as a deed-restricted unit as a result of general or special assessments. The owner(s) of the deed-restricted unit will have the highest priority to move into a like unit at the same category of the unit currently owned.

The GVRHA or the Town of Crested Butte will have the highest priority to purchase the unit that the owner is currently in at the maximum resale price according to the deed-restriction recorded on said property and subject to the provisions of these Guidelines.

In a case when the GVRHA purchases a home out of foreclosure, the GVRHA will be reimbursed the amount of the purchase price of said unit plus a 2% sales fee with the balance of the funds going to the Town of Crested Butte for future development of deed-restricted housing. If the GVRHA or the Town paid in any additional assessments, those funds shall also be reimbursed to the GVRHA or the Town. The Town shall only approve deed-restricted units in mixed projects IF the condominium declarations include adequate provisions limiting assessments on the deed-restricted units so that they will remain affordable.

PART IV LOTTERY PROCESS

Priority for purchasing via the Housing Lottery is given to those persons who have worked in Gunnison County a minimum of four consecutive years. An initial lottery is held for persons who have priority status. A subsequent lottery may be held if necessary. Any persons employed in Gunnison County and meeting the criteria are eligible to participate in the Housing Lottery, however, demand for housing is so great that it is unlikely in the foreseeable future that a non-priority lottery will need to be held.

1. The lottery is held the Monday after the listing period has ended, unless otherwise specified. Should there be an in-complex bid, the lottery will not be held. If there is more than one in-house bid, a lottery will be held for those in-complex households only. Should all in-house people decline the unit or not get financing, the lottery will be held for the households who entered the lottery prior to the deadline.
2. All top priority qualified households who have bid on the unit (or entered the lottery) are entered into the lottery.
3. The names are printed out and verified prior to running the lottery to ensure that a household has not been excluded. The names are verified by the bid sheets and by the receipts provided to each bidder. This list will be posted on the outside door of the Courthouse Plaza Building by Noon, the Friday before the lottery is held.
4. The lottery shall be run on the date specified in the advertisement.
5. Once the lottery has been run, the list is printed out and the names are, again, verified to ensure that all households were included in the lottery. If there is a problem, the problem is noted on the printout and explained as to why the lottery has to be rerun. The lottery is then rerun with the correction(s) made.
6. The file of the lottery winner is pulled and reviewed for completion.
7. Once the winner's information is verified, the winner is notified by the GVRHA and an appointment is scheduled.
8. The lottery is then classified as "official" and the names posted on the bulletin board in the GVRHA office and can then be found on the GVRHA website, www.gvrha.org.
9. If the winner of the lottery does not proceed to contact the GVRHA and sign the contract within five (5) business days, the next in line is notified and so on, until the unit is under contract for purchase.

NOTE: The GVRHA has the right to disqualify a potential winner, if the winner's qualification information cannot be verified, is incomplete, or inaccurate at the time of contract. The GVRHA will allow assistance from the potential winner within the five-day grace period noted in Part IV, (9), above.

PART V
PROCEDURES FOR THE SALE OF A CATEGORY AFFORDABLE HOUSING UNIT

SECTION 1
LISTING A UNIT WITH THE TOWN OF CRESTED BUTTE OR THE GVRHA

1. An owner of an affordable housing unit desiring to sell shall consult with the Town or the GVRHA and review the Deed Restriction covering the unit to determine the maximum sales price permitted and other applicable provisions concerning a sale.
2. Unless otherwise provided in the Deed Restriction, the unit must be listed for sale with the Town or the GVRHA and the Town/GVRHA staff will administer the sale in accordance with the Guidelines in effect at the time of listing.
3. The sale of an Accessory Dwelling Unit (ADU) deed-restricted as a "for-sale" unit must be through the Town of CB or the GVRHA lottery process.
4. There shall be a minimum listing period of three months before a unit's price can be readjusted. Any termination in the listing may require the payment of administrative and advertising costs.
5. The Town or GVRHA acts as a Transaction Broker representing both Buyer and Seller. Questions will be answered and help provided to any potential purchaser or seller EQUALLY in accordance with the current Guidelines.
6. The GVRHA is responsible for preparing all documents pertaining to the sale and purchase of Category Units. The Town of Crested Butte legal staff shall review documents for units sold within the Town of Crested Butte.
7. All purchasers and sellers are advised to consult legal counsel regarding examination of title and all contracts, agreements and title documents. The retention of such counsel, licensed real estate brokers, or such related services, shall be at purchasers or sellers own expense.
8. The fees paid to the Town or GVRHA are to be paid regardless of any actions or services that the purchaser or seller may undertake or acquire.
9. A seller in the process of purchasing a different unit may find it necessary to secure additional financing should the property listed for sale not close prior to the closing date on the newly purchased property.
10. A **Seller's Property Disclosure Form** will be completed by the Seller at the time of listing. This will be reviewed with the GVRHA's Executive Director or Transaction Broker. Each seller will be provided a copy of the Minimum Standards required in order for the Seller to receive maximum value. It is required that the Seller shall provide the Buyer with a clean, working unit upon delivery of deed. Holes in the walls will be filled, carpets steam cleaned, damaged windows will be repaired, appliances will be in working order, and the plumbing shall be in working order. A final inspection of the unit shall be conducted by the Buyer on the day of closing. If the unit is not left in satisfactory condition, at the sole discretion of the GVRHA, monetary compensation shall be held in escrow at closing from the Seller's proceeds until the repairs and/or cleaning are completed. The repairs and/or cleaning shall be paid from this fund. Any monies left over shall then be distributed to the Seller. The escrow amount shall be determined by the GVRHA.

SECTION 2 ADVERTISING THE SALE: BID PERIODS

1. After a unit is listed for sale with the Town of Crested Butte or the GVRHA, the Town or GVRHA, at its expense, arranges to advertise the unit for sale in the local weekly papers and the GVRHA website. Upon listing, there is an initial two-week bid period during which the unit is advertised with one open house date for showing. The Town or GVRHA will accept in-complex bids the first week only. Such deadline will be stated in the Guidelines. After the deadline, any bid from an in-complex owner will be treated as all other bids. The initial two-week bid period ends on the Thursday after the second week of advertising. If there are no bids received in the initial bid period, there will follow consecutive one-week bid periods, ending Thursdays, until the unit is sold.
2. Prospective purchasers are encouraged to investigate sources of financing prior to submitting a bid for affordable housing and can obtain names of lenders from the GVRHA or on the GVRHA website. Staff are available to assist interested parties with the purchase procedure and to answer any questions about the process.
3. If more than one bid is received during any bid period, bids are prioritized according to the Guidelines. If more than one bid is in top priority status, a lottery is held.

SECTION 3 FEES FOR LISTING AND SALES - GVRHA

There are two fees involved in the listing and sale of a Deed Restricted Affordable Housing unit -- a Listing Fee, a Sales Fee, and an Agent Fee. The Sales Fee is equal to two percent (2%) of the sale's price of the property plus an administrative fee of three hundred dollars (\$300), unless otherwise specified in the Deed Restriction. Also, unless otherwise specified in the Deed Restriction, the Town or GVRHA will collect half of the total Sales Fee (the Listing Fee) at the time of the listing (calculated at 90% of Maximum Sales Price). If a sale is completed by the GVRHA, the Listing Fee is considered part of the overall Sales Fee and will be applied to the total Sales Fee payable at closing. The Town or GVRHA may instruct the title company to pay said fees to the GVRHA out of the funds held for the Seller at the closing. In the event that the Seller: a) fails to perform under the listing contract, b) rejects all offers at maximum price in cash or cash-equivalent terms, or c) withdraws the listing after advertising has commenced, that portion of the Listing Fee spent by the Town or GVRHA for those purposes will not be refunded. In the event that the Seller withdraws for failure of any bids to be received at maximum price or with acceptable terms, the advertising and administrative costs incurred by the Town or GVRHA shall be deducted from the fee. The balance will be credited to the Seller's sales fee when the property is sold.

SECTION 4 DEED RESTRICTION

The purchaser must execute, in a form satisfactory to the Town of Crested Butte and the GVRHA and for recording with the Gunnison County Clerk concurrent with the closing of the sale, a document acknowledging the purchaser's agreement to be bound by the recorded Deed Restriction covering the sale unit. This form is either a Memorandum of Acceptance that relates to a Master Deed Restriction, or a Deed Restriction. The form is provided for signature by the Town and GVRHA at the time of closing, and will be recorded along with the other closing documents that are required to be recorded.

**SECTION 5
CO-OWNERSHIP AND CO-SIGNATURE**

1. Any co-ownership interest other than Joint Tenancy or Tenancy-In-Common must be approved by the Town of Crested Butte and the GVRHA.
2. Co-signers (persons providing security or assuming partial responsibility for the loan) may be approved for ownership of the unit but shall not occupy the unit unless qualified by the Town of Crested Butte and the GVRHA. An additional document will be required for the non-qualifying owner to sign at the time of closing and will be provided by the Town. If title to a Unit transfers solely to a non-qualified co-signer, the Unit must be placed up for sale as per the Unit's Deed Restriction Agreement.

**SECTION 6
SALE OF RESIDENTIAL LOTS**

The Town of Crested Butte will receive sales proceeds from residential lots when the land is being provided as mitigation of affordable housing impacts for a development or growth or as part of development of Town-controlled property. The Town of Crested Butte may also request that Affordable Housing Units be constructed as part of development mitigation policy.

The property owner or developer will receive sales proceeds from single-family lots when the land is not being provided as mitigation of affordable housing impacts for a development or growth.

**SECTION 7
LEAVE OF ABSENCE FOR OWNERS OF AFFORDABLE HOUSING UNITS**

An owner of an affordable-housing unit must reside in their unit at least nine months out of the year and work at least 1500 hours per calendar year within Gunnison County. There are instances in someone's life where they must leave Crested Butte and Gunnison County for a limited period of time and desire to rent their unit during their absence. In those instances, a Leave of Absence may be granted by the Town of Crested Butte. The homeowner must provide clear and convincing evidence, which shows a bona fide reason for leaving and a commitment to return to the Town of Crested Butte. A leave of absence can be requested for up to one year, with the possibility for an extension for up to one more year. At no such time shall a leave of absence be approved for longer than two years.

LEAVE OF ABSENCE REQUEST PROCEDURE

1. A **LEAVE OF ABSENCE REQUEST FORM** must be completed and returned to the GVRHA at least 30 days prior to leaving Gunnison County. This form must be obtained by the applicant from the GVRHA. The GVRHA will notify the Town of Crested Butte's Planning Office upon receipt of any Leave of Absence request.
2. Notice of such intent to rent an affordable dwelling unit and the ability to comment shall be provided to any applicable homeowners' association at the time of request for their input and recommendation.

Terms and Conditions:

1. The unit may be rented during said period so long as the Deed Restriction covering the unit permits the rental. A three to six month leave of absence may be granted upon approval of the Town of Crested Butte and GVRHA and the appropriate HOA, when applicable.
2. In the event that a maximum rental rate is not set forth in the Deed Restriction, the rent shall be charged based on the owner's costs plus \$50. For someone who no longer has debt on their unit, the rent would be calculated beginning with the rental amount associated with the current GVRHA Housing Guidelines in effect at the time they bought the unit, and then appreciated forward per Table VI in the GVRHA Guidelines.
3. Owner's cost as used herein includes the monthly mortgage principal and interest payment, condominium fees, utilities remaining in owner's name, taxes (if not part of the mortgage payment) and insurance prorated on a monthly basis, plus \$50 per month.
4. Prior to the GVRHA's qualification of a tenant, said tenant shall acknowledge as part of the lease that said tenant has received, read and understands the homeowners' association covenants, rules and regulations for the unit and shall abide by them, when applicable. Enforcement of said covenants, rules and regulations shall be the responsibility of the homeowners' association.
5. A copy of the executed lease shall be furnished by the owner or tenant to the GVRHA (which will distribute to the Town of Crested Butte Planning Dept) and homeowners' association.
6. Should the Town or GVRHA recommend denial of the owner's request for a leave, the ~~GVRHA~~ Town of Crested Butte will conduct a Special Review with the owner, homeowners' association representative(s) present and/or a member of GVRHA staff.
7. A short-term rental may be permitted, with the consent of the Town of Crested Butte and the Homeowners' Association, to faculty or employees of a non-profit group and who shall be qualified without meeting income and assets only for a short-term rental (six months or less).

**SECTION 8
ROOMMATES IN SALES UNITS**

Owners are allowed to have roommates; however, there are certain conditions that must be followed when renting a room.

Terms and Conditions:

1. Roommates are permitted as long as the owner is a qualified owner and residing full-time in their unit.
2. An owner may rent a unit or room to a qualified employee if it is permissible under the Deed Restriction and or covenants of the Homeowner's Association covering the unit. The owner **must** continue to reside in the unit as a sole and exclusive place of residence.
3. An owner may rent a room to a qualified employee for as short a period of time as one month. However, the rent cannot exceed the amount as stipulated in paragraph 2 above.

The owner shall be deemed to have ceased to use the unit as his or her sole and exclusive place of residence by accepting permanent employment outside of Gunnison County, or residing in the unit fewer than nine (9) months out of any twelve (12) consecutive months.

SECTION 9
CAPITAL IMPROVEMENT POLICY AND MINIMUM STANDARDS
TO RECEIVE FULL VALUE AT TIME AT RESALE

Capital improvements and upkeep on deed-restricted units are necessary to enhance the longevity of the affordable housing unit. A maximum sales price will be affected, either higher or lower, relating to the condition of the unit and if the unit meets the minimum standard criteria. Any owner wishing to utilize the new capital improvement policy will be required to enter into the deed restriction that is currently being used at the time of the request.

An owner will be required to maintain a minimum standard for the unit purchased. See Table I, Minimum Standards for Seller to Receive Full Value. Prior to any sale of a unit, the Town and GVRHA Staff will determine a maximum sales price. The Town or GVRHA shall conduct an inspection and a list provided to the Seller as to the items that will need to be done PRIOR to closing to get full value. The Buyer also has the right to pay for a formal inspection of the unit during the inspection period stated in the Sales Contract. If said inspection reflects items not met on the Minimum Standards for Seller to Receive Full Value table, the Seller shall be required to remedy those items. If the unit meets the standard criteria, the Property or Unit shall not be sold for an amount ("Maximum Resale Price") in excess of the lesser of the purchase price PLUS:

- An increase of three percent (3%) of such price per year from the date of purchase to the date of Owner's notice of intent to sell (prorated at the rate of .25 percent for each whole month for any part of a year); OR
- An amount based upon the Consumer Price Index [All Items, U.S. City Average, Urban Wage Earners and Clerical Workers (Revised), published by the U.S. Department of Labor, Bureau of Labor Statistics] calculated as follows: the Owner's purchase price divided by the Consumer Price Index published at the time of Owner's purchase stated on the Settlement Statement, multiplied by the Consumer Price Index current at the date of intent to sell; AND
- Any Town and GVRHA-approved capital improvements.

Homeowners Requesting the Ability to Use this Capital Improvement Policy:

If an owner requests to utilize the capital improvement policy, such owner shall be required to enter into a new, updated deed restriction.

Capital improvements can be added to the maximum resale price. A 10% Capital Improvement maximum will be established for each new owner. All capital improvements will be depreciated. Certain capital improvements will not be counted towards the 10% cap. Each capital improvement will depreciate according to the depreciation schedule stated in an approved handbook. The current source is the Marshall Swift Residential Handbook. Any capital improvements associated with health and safety, energy efficiency, water conservation, and green building products will be exempt from the 10% capital improvement cap; however, such capital improvements shall be depreciated according to the depreciation schedule stated in an approved handbook. An owner should check with the Town or the GVRHA prior to starting any improvement to verify that the cost can be recouped.

It will be up to the homeowner to maintain the unit in good condition. This maintenance includes, but is not limited to, the condition of the roof, boiler or water heater, and all appliances. Educational programs shall be scheduled for existing homeowners' associations and newly developed homeowners' associations as to what their responsibilities are in maintaining a project in good condition

Permitted Capital Improvements

1. The term "Permitted Capital Improvement" as used in the Agreement shall only include the following:
 - a. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacement and/or maintenance improvements;
 - b. Improvements for energy and water conservation;
 - c. Improvements for the benefit of seniors and/or handicapped persons;
 - d. Improvements for health and safety protection devices (including radon);
 - e. Improvements to add and/or finish permanent/finished storage space;
 - f. Improvements to finish unfinished space;
 - g. Permanent Landscaping; such as trees, shrubs, bushes, paved walkways and approved structures (excludes flower beds and annual plantings)
 - h. The cost of adding decks and balconies, and any extension thereto; and/or
2. Permitted Capital Improvements as used in this Agreement shall NOT include the following:
 - a. Jacuzzis, saunas, steam showers and other similar items;
 - b. Upgrades or addition of decorative items, including lights, window coverings and other similar items.
 - c. Upgrades of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of a unit and/or improvements required to repair and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, and other similar items, unless replacement is energy efficient or for safety and health reasons.
3. All Permitted Capital Improvement items and costs shall be approved by the Town or GVRHA staff prior to being added to the Maximum Resale Price as defined herein. In order to get credit for an improvement where a building permit is required, the improvement will not be counted unless a Letter of Completion was obtained by the applicable Building Department.

MINIMUM STANDARDS FOR SELLER TO RECEIVE FULL VALUE

- Thoroughly cleaned Dwelling Unit
- Carpets steam-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 doors will be in working order with no holes
- All locks on doors will work
- All keys will be provided; e.g., doors, mail box, garage
- All mechanical systems shall be in working order
- Walls paint ready
- Normal wear and tear on carpet; if carpet has holes, stains, etc., the carpet and padding shall be replaced or escrow funds at current market value per square foot for a comparable product shall be held at the time of closing to be used by the new buyer
- No leaks from plumbing fixtures
- No roof leaks
- Any safety hazards shall be remedied prior to closing
- All light fixtures shall be in working order

DEFINITIONS

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

KITCHEN:

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

BLINDS, WINDOWS, SCREENS:

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

CLOSETS:

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

LIGHT FIXTURES:

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

BATHROOMS:

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

WALLS, CEILINGS, PAINTED DOORS AND BASEBOARDS:

- Painted surfaces must be cleaned with care to ensure the surface is clean without damaging the paint.

FLOORS:

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

INTERIOR STORAGE/UTILITY ROOMS:

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

WALLS PAINT-READY:

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

WINDOWS:

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

NOTE: Safety Hazards. Any item(s) that provides a safety hazard shall be fixed. This would include, but is not limited to, exposed electrical wiring, ventilation for gas hot water system, etc.

PART VI SPECIAL REVIEW

A Special Review for a variance from the strict application of these Guidelines may be requested if an unusual hardship can be shown, and the variance from the strict application of the Guidelines is consistent with the Housing Program's intent and policy. In order to request a Special Review, a letter must be submitted to the GVRHA Executive Director stating the request, with documentation regarding the unusual hardship. The applicant shall submit any additional information reasonably requested by the Town or the GVRHA and a Special Review meeting will be scheduled in a timely manner (within 10 business days of receipt of request).

The Special Review Committee (GVRHA Appeals Committee) may grant the request, with or without conditions, if the approval will not cause a substantial detriment to the public good and without substantially impairing the intent and purpose of these Guidelines, and if an unusual hardship is shown.

PART VII GRIEVANCE PROCEDURES

A grievance is any dispute that a tenant or purchaser (see Definitions) may have with the Town of Crested Butte or the GVRHA with respect to action or failure to act in accordance with the individual tenant's or purchaser's rights, duties, welfare or status. A grievance may be presented to the GVRHA Board of Directors under the following procedures.

I. FILING A GRIEVANCE

A. Any grievance must be presented in writing to the GVRHA. It may be simply stated, but shall specify: 1) the particular ground(s) upon which it is based; 2) the action requested; and 3) the name, address, telephone number of the complainant and similar information about his/her representative, if any.

B. Upon presentation of a written grievance, a hearing before the GVRHA Board of Directors shall be scheduled for the next scheduled Board meeting. The matter may be continued at the discretion of the Board. The complainant shall be afforded a fair hearing providing the basic safeguard of due process, including notice and an opportunity to be heard in a timely, reasonable manner.

C. The complainant and the GVRHA shall have the opportunity to examine and, before the hearing at the expense of the complainant, to copy all documents, records and regulations of the GVRHA that are relevant to the hearing. Any document not made available after written request may not be relied upon at the hearing.

D. The complainant has the right to be represented by counsel.

II. CONDUCT OF THE HEARING

A. If the complainant fails to appear at the scheduled hearing, the Board may make a determination to postpone the hearing or make a determination based upon the written documentation and the evidence submitted.

B. The hearing shall be conducted by the Board as follows: Oral or documentary evidence may be received without strict compliance with the rules of evidence applicable to judicial proceedings.

C. The right to cross-examine shall be at the discretion of the Board and may be regulated by the Board as it deems necessary for a fair hearing.

D. Based on the records of proceedings, the Board will provide a written decision and include therein the reasons for its determination. The decision of the Board shall be binding on the GVRHA that shall take all actions necessary to carry out the decision.

PART VIII DEFINITIONS

Accessory Dwelling Unit - The residential dwelling unit must be a private unit, with a private entrance, a full bath and a kitchen as defined in these Guidelines.

Affordable Housing / Employee Housing / Work Force Housing - Dwelling units restricted to the housing size and type for individuals meeting asset, income and minimum occupancy guidelines approved by the Town of Crested Butte and/or the GVRHA, whichever shall apply.

Gunnison Valley Regional Housing Authority - GVRHA.

Assets - Anything owned by an individual that has commercial or exchange value. Assets consist of specific property or claims against others, in contrast to obligations due others. See also definition for Gross Assets and Net Assets.

Basement - As defined by the applicable City or County Land Use Code.

Bedroom - A room designed to be used for sleeping purposes that shall contain closets, have access to a bathroom and meets applicable City or County International Building Code requirements for light, ventilation, sanitation and egress.

Buy Down Unit - Free-market residential dwelling unit that the government (Municipality, Gunnison County, GVRHA) and/or private sector acquired and deed-restricted to affordable housing category.

Capital Improvements - Unless otherwise defined in the Deed Restriction covering the affordable housing unit, any fixture erected as a permanent improvement to real property excluding repair, replacement, and maintenance costs.

Caretaker Dwelling Units - The unit must be a totally private unit, with a private entrance, a full bath and a kitchen as defined in these

Guidelines.

Category - Income limit category, sales price category, or maximum rental rate category as determined by the GVRHA Housing Guidelines according to household income and net assets.

Consumer Price Index (CPI) - The Consumer Price Index that is used for purposes of the Guidelines and for purposes of the Deed Restriction is the *Consumer Price Index - U.S. City Average and Regions, Urban Wage Earners and Clerical Workers (CPI-W)*, All Items (1967=100). Updated information is received on a monthly basis from the U.S. Department of Labor, Bureau of Labor Statistics.

Co-signer - A joint signatory of a promissory note who shall not occupy the unit unless qualified by the GVRHA.

Deed Restriction - A contract entered into between the GVRHA and the owner or purchaser of real property identifying the conditions of occupancy and resale. Such document shall be recorded with Gunnison County.

Dependent - a "dependent" is either a "qualifying child" or a "qualifying relative." Generally, a "qualifying child" is: (a) a child (including stepchild, adopted child, or eligible foster child), or a sibling (or stepsibling) of the applicant or resident, or a descendant of either; (b) has resided in the principal abode of the applicant or resident for **at least 100 days out of a calendar year**; (c) has not attained age 19 (or is a student who has not attained age 24 as of the end of the year); and (d) has not provided more than half of his or her support for that year. A child who does not satisfy the qualifying child definition may be a "qualifying relative."

Generally, a "qualifying relative" is an individual who: (a) is a child (including stepchild, adopted child, or eligible foster child), a sibling (including stepsiblings), the taxpayer's father or mother or an ancestor of either of them, a stepparent, a niece or nephew, an

aunt or uncle, certain in-laws of the taxpayer, or an individual, other than a spouse, who resides in the principal abode of the taxpayer and is a member of the household; (b) has gross income in the relevant calendar year not exceeding the exemption (\$5,200 for 2010); (c) receives more than half of his/her support for the year from the taxpayer; and (d) is not a qualifying child of any other taxpayer for the calendar year.

In the case of divorced families with children, to obtain a bedroom, each child shall be used once for proving minimum occupancy. Should both parents enter the same lottery, the top winner only shall be allowed to purchase the unit; the other parent shall be able to use the child(ren) to obtain one additional bedroom only.

Disabled Person - See definition for Disability.

Dormitory - A structure or portion thereof under single management that provides group sleeping accommodations for occupants in one (1) or more rooms for compensation. Standards for use occupancy, and design of such facilities shall be approved by the GVRHA. See Part III, Sec. 4.

Essential Service Worker - Essential Service Worker is a full-time employee that has worked for one of the following organizations for more than one year: Full-time employees of the Town of Crested Butte as defined by the Town; 2) Part-time and seasonal employees of the Town of Crested Butte; 3) Essential services employees; (a) Mountain Express employees; (b) Fire personnel; (c) Emergency Medical Technicians (EMTs); (d) Public school teachers and administrators; (e) Mt. Crested Butte emergency services personnel; (f) County Sheriff personnel.

Employee/Qualified Resident/Buyer - A person who is employed for an employer as defined below on the basis of a minimum of 1,500 hours worked per calendar year in Gunnison County, which averages 35 hours a week, 10 months a year; or 32 hours a week, 11 months a year, physically working in Gunnison County and must reside in the unit a minimum of nine (9) months out of the year.

Employer (Gunnison County Employer) - A business whose business address is located within Gunnison County, whose business employs employees (as defined herein) within Gunnison County, who work in Gunnison County, and whose business taxes are paid in Gunnison County. If an employer is not physically based in Gunnison County, an employee must be able to verify that they work in Gunnison County for individuals, businesses or institutional operations located in Gunnison County.

Employee (Non-Profit) - A person who works/performs for a non-profit organization. Employees include artists, performers, musicians, organizers, bookkeepers, etc., but excluding construction workers. Non-profit organizations include any certified non-profit organization providing services to and located in Gunnison County.

Employee Dwelling Unit - This is a deed-restricted unit that is required to be rented out. Also see the Gunnison County Land Use Code, Section 3-150-120.

Employee Housing. See definition for Affordable/Employee Housing.

Family - For purposes of transferring property only, a family (or immediate family) is defined as a husband, wife, domestic partner, mother, father, brother, sister, son, daughter, either biologically or by legal adoption. Any transfer to a family member must fall under this definition.

Family-Oriented Unit - A dwelling unit attached or detached; 3 bedrooms or more, with direct ground floor access to a useable yard area.

Fannie Mae (FNMA) - Federal National Mortgage Association, a quasi-governmental agency that purchases mortgage loans in the secondary loan market.

Fee Simple Estate - The maximum possible estate that one can possess in real property; complete and absolute ownership of indefinite duration, freely transferable, and inheritable .

Financial Statement - A statement detailing all personal assets, liabilities, and net worth (the

difference between assets and liabilities) as of a specific date. GVRHA may provide an Asset Declaration Form upon request.

Fixture - 1) A tangible thing which previously was personal property and which has been attached to or installed on land or a structure thereon in such a way as to become a part of the real property; 2) Any non-portable lighting device built in or attached securely to the structure; 3) The permanent parts of a plumbing system and fixtures.

Gross Assets - Anything which has tangible or intangible value, including property of all kinds, both real and personal; includes among other things, patents and causes of action which belong to any person, as well as any stock in a corporation and any interest in the estate of a decedent; also, the entire property of a person, association, corporation, or estate that is applicable or subject to the payment of debts. Gross assets shall include funds or property held in a living trust or any similar entity or interest, where the person has management rights or the ability to apply the assets to the payment of debts. Gross assets shall not include, pension plans

Gross Income - The total income to include alimony and child support derived from a business, trust, employment and from income-producing property, before deductions for expenses, depreciation, taxes, and similar allowances.

Disability – With respect to a person, a physical or mental impairment which substantially limits one or more major life activities; a record of such impairment; or being regarded as having such impairment. This term does not include the current, illegal use of or addiction to a controlled substance. (If conflicts arise during application of this definition, the GVRHA will follow strict definitions of ‘disability’ as outlined by US Dept. of Housing and Urban Development).

Household - All individuals occupying the residential unit regardless of legal status and/or a married couple, whether both will be living in the

unit or not.

Household - Lotteries - All individuals who will be occupying the unit regardless of legal status and/or a married couple, whether both will be living in the unit or not. All married couples may only enter into a lottery once and cannot bid separately.

If two separate households (single, file separate income tax returns as single, etc.) enter together into one lottery, the combined income and assets will be carried forward to other single lotteries for a one-year period of time. Should circumstances change within the one-year time frame, the employee may request a change in category once during that one-year time frame.

Household Net Assets - Combined net assets of all individuals who will be occupying the unit regardless of legal status.

Household Income - Combined gross income of all individuals who will be occupying the unit regardless of legal status. See definition of Household - Lotteries above for further clarification. Adjustments to the gross for business expenses can be made for persons who are self-employed.

In-Complex (In House) Bid - Priority bid granted to person(s) having lived in their unit in a given complex for a minimum of one year. If a new project is built in phases, the in-complex priority does not go into effect until all affordable housing phasing of the project is completed.

Joint Tenancy - Ownership of real estate between two or more parties who have been named in one conveyance as joint tenants. Upon the death of one tenant, surviving joint tenant(s) have the right of survivorship.

Kitchen - For Accessory Dwelling Units, Caretaker Dwelling Units and all other deed-restricted units, a minimum of a two-burner stove with oven, standard sink, and a refrigerator plus freezer. The oven must be able to bake and broil and be at least 5 cubic feet; the sink must measure at least 14" W X 16" D X 5.25" H; refrigerator must be at least 5.3 cubic feet and include at least a .73 cubic foot freezer.

Leasehold Interest - A time-restricted interest in real property created by a lease whether written or oral; a tenancy in real property.

Lottery - A drawing to select a winner from equal applicants of highest priority.

Maximum Bid Price - Unless otherwise defined in the Deed Restriction covering the unit, the owner's purchase price multiplied by the appreciation (as permitted by the Deed Restriction) plus the accepted level of capital improvements costs as defined in the Deed Restriction and these Guidelines.

Minimum Occupancy - One person (with a leasehold/ownership interest) per bedroom. A minor child or dependent shall be granted equal status as a person with leasehold/ownership interest. In a two adult household, both adults must be working in Gunnison County in order to qualify for an additional bedroom.

Mortgagee - A lender in a mortgage loan transaction.

Mortgagor - A borrower in a mortgage loan transaction.

Net Assets - Gross assets minus liabilities. Retirement accounts will be reviewed on a case-by-case basis to determine whether or not they shall be included as a net asset.

Net Livable Square Footage - Is calculated on interior living area and is measured interior wall to interior wall, including all interior partitions. Also included, but not limited to, habitable basements and interior storage areas, closets and laundry area. Exclusions include, but are not limited to, uninhabitable basements, mechanical areas, exterior storage, stairwells, garages (either attached or detached), patios, decks and porches.

Nondiscrimination Policy - GVRHA shall not discriminate against anyone due to race, color, creed, religion, ancestry, national origin, sex, age, marital status, physical handicaps, affectional or sexual orientation, family responsibility, or political affiliation, resulting in the unequal treatment or separation of any person, or deny,

prevent, limit or otherwise adversely affect, the benefit of enjoyment by any person of employment, ownership or occupancy of real property, or public service or accommodations.

On-Site / Off-Site - Location of deed restricted property used for mitigation purposes: either next to or attached to the development (on-site) or at a separate location approved by the GVRHA (off-site).

Pre-qualification - A borrower's tentative mortgage approval from a lender. **Present Value** - *For the purposes of these Guidelines and any Deed Restrictions containing such terms, the present value shall be the cost or price of any capital improvements as established at the time of such improvement and shall be neither appreciated nor depreciated from such time.*

Primary Residence - The sole and exclusive place of residence. The owner or renter shall be deemed to have ceased to use the unit as his/her sole and exclusive place of residence by accepting permanent employment outside of Gunnison county, or residing in the unit fewer than nine (9) months out of any twelve (12) consecutive months (unless permitted by GVRHA).

Purchaser - A person who is buying or has purchased a deed restricted unit which is subject to these Guidelines, and any qualifying potential purchaser or past owner (claiming rights when he/she was a purchaser) of any such deed restricted unit, but only with respect to any issue arising under these Guidelines.

Qualified Resident - Person(s) meeting the income, asset, employment, and residency requirements and property ownership limitations, including retired and handicapped persons, or dependent(s) of any of these (as such terms are defined herein) established by the GVRHA.

Requalification - Requirements which renters/ tenants and owners of affordable housing must meet bi-annually to ensure continued eligibility (every two years).

Resale Agreement - A contract entered into between the GVRHA and the owner or purchaser

of real property identifying the conditions of occupancy and resale (also commonly referred to as a Deed Restriction).

Residential Dwelling Unit – Any residential property that has an address within the Ownership Exclusion Zone.

Retirement Age – The age where an employee can retire and maintain eligibility to continue to reside in affordable housing is 65 years of age.

Seasonal Employee - A person working not less than 35 hours per week during the Winter Season (generally November through April) and/or Summer Season (generally June through August).

Self-Employed - You are self-employed if you carry on a trade or business as a sole proprietor or an independent contractor; you are a member of a partnership that carries on a trade or business; you are otherwise in business for yourself; and you work for profit or fees. You must show a profit on an income tax return at least three out of every five years. The trade or business is required to provide goods and services to individuals, businesses or institutional operations in Gunnison County.

Storage Space - Space intended and commonly utilized as location for preservation or later use or disposal of items. To be used for storage purposes only and shall not contain plumbing fixtures or mechanical equipment that support the principal residential use.

Student – A student enrolled in an accredited school full-time, and/or an intern who is a student or recent graduate undergoing supervised practical training full-time and working in a temporary capacity for a Gunnison County business; and/or a full-time combination of work in Gunnison County and school; such student shall be 18 years of age or older.

Tenancy In Common – Co-ownership in which individual holds an undivided interest in real property without right of survivorship. Upon the death of one of the owners, the ownership share of the descendant is inherited by the

party or parties designated in the decedent's will.

Tenant - A person who is leasing or has leased a deed restricted unit which is subject to these Guidelines, and any qualifying potential lessee or past lessee of any such deed restricted unit, but only with respect to any issue arising under these Guidelines.

MASTER DEED RESTRICTION AGREEMENT
FOR THE OCCUPANCY AND RESALE of (PROJECT NAME)

THIS MASTER DEED RESTRICTION, OCCUPANCY AND RESALE AGREEMENT (the "Agreement") is made and entered into this ____ day of ____ 2013, by (DEVELOPER/OWNER name) (hereinafter referred to as "Declarant"), for the benefit of the parties and enforceable by the GUNNISON VALLEY REGIONAL HOUSING AUTHORITY (hereinafter referred to as "GVRHA"), a duly constituted multi-jurisdictional Housing Authority established pursuant to the **INTERGOVERNMENTAL AGREEMENT** by and between the Town of Crested Butte ("Crested Butte"), the Town of Mt. Crested Butte ("Mt. Crested Butte"), the City of Gunnison ("Gunnison") and Gunnison County, Colorado (the "County"), dated July 10, 2012 and recorded at Reception No. _____ on _____, 2012, of the records of the Gunnison County Clerk and Recorder's Office.

WITNESSETH:

WHEREAS, Declarant owns the real property described in Exhibit "A" attached hereto and incorporated herein. For purposes of this Agreement, the real property and all dwellings, appurtenances, improvements and fixtures associated therewith shall hereinafter be referred to as the "Property"; and

WHEREAS, as a condition of the approval granted by the Board of County Commissioners of Gunnison County, Colorado for subdivision approval of the Property, the Declarant is required to enter into this Agreement; and

WHEREAS, Declarant agrees to restrict the acquisition or transfer of the Property to "Qualified Buyers," as that term is defined in this Agreement, who fall within the Category income range established and adopted by the GVRHA from time to time in its Affordable Housing Guidelines. In addition, the Declarant agrees that this Agreement shall constitute a resale agreement setting forth the maximum resale price for which the Property may be sold ("Maximum Resale Price") and the terms and provisions controlling the resale of the Property. Finally, by this Agreement, Declarant restricts the Property against use and occupancy inconsistent with this Agreement.

WHEREAS, "Qualified Buyers" are natural persons meeting the income, residency and all other qualifications set forth in the Gunnison Valley Affordable Housing Guidelines (hereinafter the "Affordable Housing Guidelines"), or its substitute, as adopted by the GVRHA, or its successor, and in effect at the time of the closing of the sale to the Qualified Buyer, and who must represent and agree pursuant to this Agreement to occupy the Property as their sole place of residence, not to engage in any business activity on the Property, other than that permitted in that zone district or by applicable ordinance, not to sell or otherwise transfer the Property for use in a trade or business; and to continue meeting the employment, residency and other requirements as stated in this Agreement.

WHEREAS, an "Owner" is a person or persons who is/are a Qualified Buyer who acquires an ownership interest in the Property or Unit in compliance with the terms and provisions of this Agreement, or any other person or legal entity owning an interest in the Property or Unit; it being understood that such person, persons or entity shall be deemed an "Owner" hereunder only during the period of his, her, their or its ownership interest in the Property and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period.

WHEREAS, this document supercedes any previous deed restriction agreement for occupancy and resale associated with this unit.

WHEREAS, a "Unit" is the unit located at ADDRESS, _____, Colorado 81230.

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

I. USE AND OCCUPANCY

The use and occupancy of the Property shall henceforth be limited exclusively to housing for natural persons who meet the definition of Qualified Buyers and their families, and the other requirements of this Agreement and the Gunnison Valley Regional Housing Authority Affordable Housing Guidelines referred to above.

II. REQUIREMENTS

An Owner, in connection with the purchase of this Property or Unit, must: a) occupy any Unit within this Property as his or her sole place of residence during the time that such unit is owned; b) not own, directly or indirectly through a legal entity, any interest alone or in conjunction with others, in any developed property or dwelling units in accordance with the limitations established by the Guidelines as amended from time to time; c) not engage in any business activity on or in such Unit, other than permitted in that zone district or by applicable ordinance; d) sell or otherwise transfer such Unit only in accordance with this Agreement and the Affordable Housing Guidelines; e) not sell or otherwise transfer such Unit for use in a trade or business; f) not permit any use or occupancy of such Unit except in compliance with this Agreement; g) continue to meet the residence and employment requirements of a Qualified Buyer established by the GVRHA Guidelines and as they are amended from time to time; and h) continue to meet the other requirements of the applicable GVRHA Guidelines and this Agreement. Recertification of employment, residency and the ownership of other property shall be required as stipulated in the GVRHA Guidelines.

III. DEFAULT ON LOAN

It shall be a breach of this Agreement for Owner to default in payments or other obligations due or to be performed under a promissory note secured by a first deed of trust encumbering the Property or a Unit or to breach any of Owner's duties or obligations under said deed of trust. It shall also be a breach of this Agreement for Owner to default in the payment of real property taxes or obligations to the Homeowners' Association for general or special assessments. Owner must notify the GVRHA, in writing, of any such default, including notification received 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 first deed of trust, as described herein, or of any breach of any of Owner's duties or obligations under said deed of trust, within five calendar days of Owner's notification from lender, or its assigns, or any other creditor specified herein, of said default or past due payments or breach.

Upon notification of a default as provided above, the GVRHA may offer loan counseling or distressed loan services to the Owner, if any of these services are available, and is entitled to require the Owner to sell the Property or a Unit to avoid the commencement of any foreclosure proceeding against the Property or a Unit.

Upon receipt of notice as provided in paragraphs 3a and b, the GVRHA shall have the right, in its sole discretion, to cure the default or any portion thereof. In such event, the Owner shall be personally liable to GVRHA for past due payments made by the GVRHA together with interest thereon at the rate specified in the promissory note secured by the first deed of trust, plus one percent (1%), and all actual expenses of the GVRHA incurred in curing the default. The Owner shall be required by GVRHA to execute a promissory note secured by deed of trust encumbering the Property in favor of the GVRHA for the amounts expended by the GVRHA as specified herein, including future advances made for such purposes. The Owner may cure the default and satisfy its obligation to the GVRHA under this subparagraph at any time prior to execution of a contract for sale, upon such reasonable terms as specified by the GVRHA. Otherwise, Owner's indebtedness to the GVRHA shall be satisfied from the Owner's proceeds at closing.

In addition, upon receipt of notice as provided in Paragraphs 3a and 3b, the GVRHA shall have the option, exercisable in the GVRHA's sole discretion, to purchase the Owner's Lot and Improvements for ninety-five percent (95%) of the Maximum Resale Price. If the GVRHA desires to exercise said option, it shall give written notice thereof to the Owner within sixty (60) days following the GVRHA's receipt of the notice as provided in Paragraphs 3a and 3b. In the event the GVRHA timely exercises said option, the closing of the purchase of the Lot and Improvements shall occur within sixty (60) days following the date of the GVRHA's notice to the Owner of the exercise of said option.

IV. DEFAULT ON CONDOMINIUM ASSESSMENTS

It shall be a violation of the Agreement for the Declarant, the Association, or a Qualified Buyer to default in the payment of general or special assessments to the Homeowner's Association, and such person shall be subject to enforcement as provided herein. In addition, upon sale of a unit as to which the payment of such obligations is in default, the assessments shall be paid at closing.

V. ENFORCEMENT

In the event that the GVRHA determines that sale of the Property or a Unit is necessary as a result of breach of this Agreement, Owner shall immediately execute a standard Listing Contract on forms approved by the Colorado Real Estate Commission with the GVRHA, providing for a 30-day listing period. At that time, the Owner shall deposit with the GVRHA an amount equal to one percent (1%) of the estimated value of the Unit. If a sales contract has not been executed within the initial 30-day period, Owner shall extend the listing period for an additional 180 days, provided such extension does not conflict with the statutory rights of any secured creditors. The GVRHA shall promptly advertise the Property for sale by competitive bid to Qualified Buyers. At the time of closing, the Owner shall pay to the GVRHA an additional fee as stated in the *Gunnison Valley Affordable Housing Guidelines*. In the event of a listing of the Property pursuant to this Paragraph 5, the GVRHA is entitled to require the Owner to accept the highest of any qualified bids that is equal to the lesser of: (i) an amount that at least satisfies the Owner's financial or other obligations due under the promissory note secured by a first deed of trust and any deed of trust in favor of the GVRHA, as described herein, or (ii) the Maximum Resale Price (as hereinafter defined), and to sell the Property to such qualified bidder. The listing and sale of the Property or Unit shall be subject to such listing, sales and other fees and expenses as may be imposed by the GVRHA from time to time as set forth in the Affordable Housing Guidelines.

VI. AGREEMENT RUNS WITH THE LAND

This Agreement shall constitute covenants running with the Property, as a burden thereon, for the benefit of, and shall be specifically enforceable by the GVRHA, the City Council for the City (the "City Council"), the Board of County Commissioners for the County (also referred to herein as the "County"), and their respective successors and assigns, as applicable, by any appropriate legal action including but not limited to specific performance, injunction, reversion, or eviction of non-complying owners and/or occupants.

VII. VOLUNTARY SALE

In the event that an Owner desires to voluntarily sell the Property or Unit, the Owner shall execute a standard Listing Contract on forms approved by the Colorado Real Estate Commission with the GVRHA providing for a 180-day listing period, or such other time period as required by the GVRHA Affordable Housing Guidelines in effect at time of listing. The GVRHA shall promptly advertise the Property or Unit for sale by competitive bid to Qualified Buyers. The listing and sale of the Property or Unit shall be subject to such listing, sales and other fees and expenses as may be imposed by the GVRHA from time to time as set forth in the Affordable Housing Guidelines.

VIII. GVRHA'S RIGHT TO ACQUISITION

Notwithstanding any provision herein to the contrary, the GVRHA shall have the right, in its sole discretion, (i) to acquire any Property or Unit for the purpose of resale thereof to a Qualified Buyer; (ii) following its acquisition of any Property or Unit, to repair, replace, redevelop, remove and maintain such Property or Unit prior to resale to a Qualified Buyer; and/or (iii) amend this Deed Restriction Agreement following the acquisition.

IX. MAXIMUM RESALE PRICE

In no event shall the Property or a Unit be sold for an amount ("Maximum Resale Price") in excess of the lesser of:

(Original Purchase Price) plus an increase of three percent (3%) of such price per year from the date of purchase to the date of Owner's notice of intent to sell (prorated at the rate of .25 percent for each whole month for any part of a year); or

An amount (based upon the Consumer Price Index, All Items, U.S. City Average, Urban Wage Earners and Clerical Workers (Revised), published by the U.S. Department of Labor, Bureau of Labor Statistics) calculated as follows: the Owner's purchase price divided by the Consumer Price Index published at the time of Owner's purchase stated on the Settlement Statement, multiplied by the Consumer Price Index current at the date of intent to sell. In no event shall the multiplier be less than one (1). For purposes of this Agreement, "date of intent to sell" shall be the date of execution of a listing contract when required by this agreement, or if a listing contract is not otherwise necessary, the date shall be determined to be the date upon which a requirement for the Owner to sell is first applicable.

NOTHING HEREIN SHALL BE CONSTRUED TO CONSTITUTE A REPRESENTATION OR GUARANTEE BY THE GVRHA OR THE ("CITY/COUNTY") THAT ON RESALE THE OWNER SHALL OBTAIN THE MAXIMUM RESALE PRICE.

X. PERMITTED CAPITAL IMPROVEMENTS

- a. Subject to the limitations of this Section, for the purpose of determining the Maximum Resale Price in accordance with this Section, the Owner may add to the amount specified in Paragraph 9 above, the cost of Permitted Capital Improvements, as set forth in Exhibit "B" attached hereto or otherwise allowed by the Affordable Housing Guidelines and as they are amended from time to time, in a total amount not to exceed \$, which is ten percent (10%) of the listed purchase price set forth in paragraph 9a above. In calculating such amount, only those Permitted Capital Improvements identified in Exhibit "B" hereto or otherwise allowed by the Affordable Housing Guidelines from time to time shall qualify for inclusion. All such Permitted Capital Improvements installed or constructed over the life of the unit shall qualify, and will be depreciated based on the Depreciation Schedule used by GVRHA at the time of listing.
- b. Permitted Capital Improvements shall not include any changes or additions to the Property made by the Owner during construction or thereafter, except in accordance with Paragraph 9a above. Permitted Capital Improvements shall not be included in the GVRHA's listed purchase price, even if made or installed during original construction.
- c. In order to qualify as Permitted Capital Improvements, the Owner must furnish to the GVRHA the following information with respect to the improvements that the Owner seeks to include in the calculation of Maximum Resale Price:
 - (1) Original or duplicate receipts to verify the actual costs expended by the Owner for the Permitted Capital Improvements;
 - (2) Owner's affidavit verifying that the receipts are valid and correct receipts tendered at the time of purchase; and
 - (3) True and correct copies of any building permit or certificate of occupancy required to be issued by the Aspen/Gunnison County Building Department with respect to the Permitted Capital Improvements.

All capital improvements will be depreciated. Certain capital improvements will not be counted towards the 10% cap. Each capital improvement will depreciate according to the depreciation schedule stated in an approved handbook. The current source is the **Marshall Swift Residential Handbook**. Any capital improvements associated with health and safety, energy efficiency, water conservation, and green building products will be exempt from the 10% capital improvement cap; however, such capital improvements shall be depreciated according to the depreciation schedule stated in an approved handbook.

For the purpose of determining the Maximum Resale Price in accordance with this Section, the Owner may also add to the amounts specified in Paragraphs 9 and 10a, the cost of any permanent improvements constructed or installed as a result of any requirement imposed by any governmental agency, provided that written certification is provided to the GVRHA of both the applicable requirement and the information required by Paragraph 10c, (1) – (3).

In order to obtain maximum resale price, Owner must ensure that the unit meets GVRHA's generally applicable minimum standards for a seller of a deed-restricted unit to receive full value as determined by GVRHA in its discretion. This shall include requirements to clean the home, ensure that all fixtures are in working condition, and to repair damage to the unit beyond normal wear and tear and as stated in the *Minimum Standards for Seller to Receive Full Value at Resale*, Exhibit "C". If the Seller does not meet this requirement, GVRHA may require that Seller escrow at closing a reasonable amount to achieve compliance by GVRHA, or reduce the maximum resale price accordingly.

XI. GRIEVANCES

All disputes between the Owner and the administrative staff of the GVRHA shall be heard in accordance with the grievance procedures set forth in the Affordable Housing Guidelines.

XII. CLOSING COSTS

Owner shall not permit any prospective buyer to assume any or all of the Owner's customary closing costs (including, but not limited to, title insurance, sales fee, pro ration of taxes, homeowners dues, etc., as are customary in Gunnison County) nor accept any other consideration which would cause an increase in the purchase price above the bid price so as to induce the Owner to sell to such prospective buyer.

XIII. MULTIPLE QUALIFIED BIDS

In the event that one qualified bid is received equal to the Maximum Resale Price herein established, the Property shall be sold to such bidder at the Maximum Resale Price; and in the event Owner receives two or more such bids equal to the Maximum Resale Price, the Qualified Buyer shall be selected according to the priority for Sale Units set forth in the Affordable Housing Guidelines; and, in the event that more than one such qualified bidder is of equal priority pursuant to the Affordable Housing Guidelines, the Qualified Buyer shall be selected by lottery among the qualified bidders of the highest priority, whereupon the Property or Unit shall be sold to the winner of such lottery at the Maximum Resale Price. If the terms of the proposed purchase contract, other than price, as initially presented to the Owner, are unacceptable to the Owner, there shall be a mandatory negotiation period of three (3) business days to allow the Owner and potential buyer to reach an agreement regarding said terms, including but not limited to, the closing date and financing contingencies. If, after the negotiation period is over, the Owner and buyer have not reached an agreement, the next bidder's offer will then be presented to the Owner for consideration and a three (3) business day negotiating period will begin again. The Owner may reject any and all bids; however, the Owner is subject to the provisions in the Affordable Housing Guidelines pertaining to the listing fee. Bids in excess of the Maximum Resale Price shall be rejected. If all bids are below the Maximum Resale Price, the Owner may accept the highest qualified bid. If all bids are below the Maximum Resale Price and two or more bids are for the same price, the Qualified Buyer shall be selected by lottery from among the highest qualified bidders.

XIV. NON-QUALIFIED TRANSFEREES

In the event that title to the Property or a Unit vests by descent in, or is otherwise acquired by, any individual and/or entity who is not a Qualified Buyer as that term is defined herein (hereinafter "Non-Qualified Transferee(s)"), the Property or Unit shall immediately be listed for sale as provided in Paragraph 7 above (including the payment of the specified fee to the GVRHA), and the highest bid by a Qualified Buyer, for not less than ninety-five percent (95%) of the Maximum Resale Price or the appraised market value, whichever is less, shall be accepted; if all bids are below ninety-five percent (95%) of the Maximum Resale Price or the appraised market value, the Property or Unit shall continue to be listed for sale until a bid in accordance with this section is made, which bid must be accepted. The cost of the appraisal shall be paid by the Non-Qualified Transferee(s).

- a. Non-Qualified Transferee(s) shall join in any sale, conveyance or transfer of the Property or Unit to a Qualified Buyer and shall execute any and all documents necessary to do so; and
- b. Non-Qualified Transferee(s) agree not to: (1) occupy the Property or Unit; (2) rent all or any part of the Property or Unit, except in strict compliance with Paragraph 15 hereof; (3) engage in any other business activity on or in the Property or Unit; (4) sell or otherwise transfer the Property or Unit except in accordance with this Agreement and the Affordable Housing Guidelines, or (5) sell or otherwise transfer the Property or Unit for use in a trade or business.
- c. The GVRHA, the City, the County, or their respective successors, as applicable, shall have the right and option to purchase the Property or Unit, exercisable within a period of fifteen (15) calendar days after receipt of any sales offer submitted to the GVRHA by a Non-Qualified Transferee(s), and in the event of exercising their right and option, shall purchase the Property or Unit from the Non-Qualified Transferee(s) for a price of ninety-five percent (95%) of the Maximum Resale Price, or the appraised market value, whichever is less. The offer to purchase shall be made by the Non-Qualified Transferee within fifteen (15) days of acquisition of the Property or Unit.
- d. Where the provisions of this Paragraph 14 apply, the GVRHA may require the Owner to rent the Property or Unit in accordance with the provisions of Paragraph 16, below.

XV. OWNER RESIDENCE, EMPLOYMENT AND CONTINUING COMPLIANCE

The Property and all Units shall be and is/are to be utilized only as the sole and exclusive place of residence of an Owner. In the event an Owner changes place of residence or ceases to utilize the Property or Unit as his sole and exclusive place of residence, ceases to be a full-time employee in accordance with the GVRHA Guidelines as they are amended from time to time, or otherwise ceases to be in compliance as a Qualified Buyer with the GVRHA Guidelines as they are amended from time to time, or this Agreement, the Property or Unit MUST be offered for sale pursuant to the provisions of Paragraph 6 of this Agreement. An Owner shall be deemed to have changed his or her place of residence by becoming a resident elsewhere or accepting employment outside Gunnison County, or residing on the Property or Unit for fewer than nine (9) months per calendar year without the express written approval of the GVRHA, or by ceasing to be a full-time employee as required by the Affordable Housing Guidelines as amended from

time to time. Where the provisions of this Paragraph 15 apply, the GVRHA may require the Owner to rent the Property or Unit in accordance with the provisions of Paragraph 16, below pending a sale of the property.

If at any time the Owner of the Property or Unit at any time also owns directly or indirectly through a legal entity any interest alone or in conjunction with others in any developed residential property or dwelling unit(s) located in Gunnison, Delta, Hinsdale, Montrose or Saguache Counties, (within the "OEZ" as defined in the Affordable Housing Guidelines as they are amended from time to time) the Owner agrees to immediately list said other property or unit for sale and to sell his or her interest in such property at fair market value to like units or properties in the area in which the property or dwelling unit(s) are located. In the event said other property or unit has not been sold by Owner within three hundred sixty-five (365) days of its listing for any reason, then Owner hereby agrees to immediately list this Property or Unit for sale pursuant to the provisions of Paragraph 6 of this Agreement. Should the Owner not receive a full-priced bid, then said Owner must accept the first reasonable offer for said unit as deemed appropriate by the GVRHA.

XVI. RENTAL

Owner may not, except with prior written approval of the GVRHA, and subject to GVRHA's conditions of approval, rent the Property or Unit for any period of time. Prior to occupancy, each tenant must be approved by the Homeowner's Association, if applicable, and the GVRHA in accordance with the income, occupancy and all other qualifications established by the GVRHA in its Affordable Housing Guidelines. The GVRHA shall not approve any rental if such rental is being made by Owner to utilize the Property or Unit as an income producing asset, except as provided below, and shall not approve a lease with a rental term in excess of twelve (12) months. A signed copy of the lease must be provided to the GVRHA prior to occupancy by each tenant. Any such lease approved by the GVRHA shall show the length of the lease and the monthly rent. The monthly rent cannot exceed the Owner's costs, which include the monthly expenses for the cost of principal and interest payments, taxes, property insurance, condominium or homeowners assessments, utilities remaining in Owner's name, plus an additional amount as stated in the Affordable Housing Guidelines and as they are amended from time to time, and a reasonable (refundable) security deposit.

The requirements of this paragraph shall not preclude the Owner from sharing occupancy of the Property or Unit with non-Owners on a rental basis provided Owner continues to meet the obligations contained in this Agreement, including Paragraph 15.

IN NO EVENT SHALL THE OWNER CREATE AN ADDITIONAL DWELLING UNIT, AS DEFINED IN THE GUNNISON COUNTY OR TOWN/CITY OF _____ LAND USE CODES, IN OR ON THE PROPERTY.

NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE GVRHA TO PROTECT OR INDEMNIFY THE OWNER AGAINST ANY LOSSES ATTRIBUTABLE TO THE RENTAL, INCLUDING (NOT BY WAY OF LIMITATION) NON-PAYMENT OF RENT OR DAMAGE TO THE PREMISES; NOR TO REQUIRE THE GVRHA TO OBTAIN A QUALIFIED TENANT FOR THE OWNER IN THE EVENT THAT NONE IS FOUND BY THE OWNER.

XVII. COMPLIANCE REVIEW AND REMEDIES FOR BREACH

All existing and potential Owners shall promptly provide to the GVRHA all such information as the GVRHA deems reasonably necessary at any time to verify compliance with this Agreement. The GVRHA shall maintain the confidentiality of any financial data provided by any existing or potential Owner, except for such disclosures as are necessary with respect to any litigation, enforcement or other legal proceedings. In the event that GVRHA has reasonable cause to believe the Owner is violating the provisions of this Agreement, the GVRHA, by its authorized representative, may inspect the Property or Unit between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Owner with no less than 24 hours' written notice.

The GVRHA, through its employees or agents, in the event a violation or potential violation of this Agreement is discovered, shall send a notice of violation to the Owner describing the nature of the violation and allowing the Owner fifteen (15) days to cure. Said notice shall state that the Owner may request a hearing before the GVRHA Board of Directors within fifteen (15) days to dispute the merits of the allegations. If no hearing is requested and the violation is not cured within the fifteen (15) day period, the violation shall be considered final and the Owner shall immediately list the Property for sale in accordance with this Agreement. The failure to request a hearing shall constitute the failure to exhaust administrative remedies for the purpose of judicial review. If a hearing is held before the GVRHA Board, (i) the decision of the GVRHA Board based on the record of such hearing shall be final for the purpose of determining if a violation has occurred, and (ii) the GVRHA Board shall have absolute discretion to determine the appropriate action to be taken to either remedy the violation or require the Owner to list the Property for sale in accordance with this Agreement.

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

In the event the Property or Unit is sold and/or conveyed without compliance herewith, 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 the Property or Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants herein contained, even without reference therein to this Agreement. The Owner shall be liable for all GVRHA's costs and reasonable attorneys' fees incurred in setting aside any such transaction.

In the event that the Owner fails to cure any breach, the GVRHA may resort to any and all available legal action, including, but not limited to, specific performance of this Agreement or a mandatory injunction requiring sale of the Property or Unit by Owner as specified in Paragraphs 3, 14, 16, and 17. The costs of such sale, including reasonable attorneys' fees, shall be taxed against the proceeds of the sale with the balance being paid to the Owner.

In the event of a breach of any of the terms or conditions contained herein by the Owner, his or her heirs, successors or assigns, the GVRHA's initial listed purchase price of the Property or Unit as set forth in Paragraph 9a of this Agreement shall, upon the date of such breach as determined by the GVRHA, automatically cease to increase as set out in Paragraph 9 of this Agreement, and shall remain fixed until the date of cure of said breach.

XVIII. FORECLOSURE

- a. If any Property or Unit is sold as a foreclosure sale or otherwise acquired by any person or entity in lieu of foreclosure, the GVRHA and the Board, as the designee of the GVRHA, shall have the option to acquire such Property or Unit within thirty (30) days after (i) the issuance of a public trustee's deed to the purchaser, or (ii) receipt by the GVRHA of written notice from such person or entity of the acquisition of such Lot in lieu of foreclosure, as applicable, for an option price not to exceed (a) in the event of a foreclosure, the redemption price on the last day of all statutory redemption periods and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure or (b) in the event of a transfer in lieu of foreclosure, the amount paid, or the amount of debt forgiven, by the transferee plus the reasonable costs incurred by the transferee with respect to its acquisition of such Property or Unit. Notwithstanding any provision herein to the contrary, except for persons or entities having a valid lien on a Property or Unit, only Qualified Buyers may acquire an interest in a Property or Unit at a foreclosure sale or in lieu of foreclosure. If any person or entity having a lien on a Property or Unit is not a Qualified Buyer and acquires an interest in such Property or Unit in a foreclosure sale or in lieu of foreclosure, the provisions of Paragraph 14 shall apply. It is the GVRHA's intent that the terms and provisions of this Agreement shall remain in full force and effect with respect to the Property and all Units until modified, amended or terminated in accordance with paragraph 38 hereof.
- b. In the event that GVRHA or the Board, as the designee of the GVRHA, exercise the option described above, the GVRHA and/or its designee, may sell the Property or Unit to Qualified Buyers as that term is defined herein, or rent the Property or Unit to qualified tenants who meet the income, occupancy and all other qualifications, established by the GVRHA in its Affordable Housing Guidelines until a sale to a Qualified Buyer is affected.
- c. Notwithstanding the foregoing, in the event of foreclosure by the holder of the first deed of trust on such Property or Unit, if the holder of such deed of trust is the grantee under the public trustee's deed and GVRHA does not exercise its option to purchase as provided in paragraph 27, then GVRHA agrees to release the Property or Unit from the requirements of this Deed Restriction.

XIX. GENERAL PROVISIONS

Notices. Any notice, consent or approval which is required to be given hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with postage fully prepaid, to any address provided herein or to any subsequent mailing address of the party as long as prior written notice of the change of address has been given to the other parties to this Agreement.

Exhibits. All exhibits attached hereto (Exhibits "A", "B" and "C") are incorporated herein and by this reference made a part hereof.

Severability. Whenever possible, each provision of this Agreement and any other related document shall be interpreted in such a manner as to be valid under applicable law; but if any provision of any of the foregoing shall be invalid or prohibited under said applicable law, such provisions shall be ineffective to the extent of such invalidity or prohibition without invalidating the remaining provisions of such document.

Choice of Law. This Agreement and each and every related document are to be governed and construed in accordance with the laws of the State of Colorado.

Successors. Except as otherwise provided herein, the provisions and covenants contained herein shall inure to and be binding upon the heirs, successors and assigns of the parties.

Section Headings. Paragraph or section headings within this Agreement are inserted solely for convenience of reference, and are not intended to, and shall not govern, limit or aid in the construction of any terms or provisions contained herein.

Waiver. No claim of waiver, consent or acquiescence with respect to any provision of this Agreement shall be valid against any party hereto except on the basis of a written instrument executed by the parties to this Agreement. However, the party for whose benefit a condition is inserted herein shall have the unilateral right to waive such condition, provided that such waiver is in writing.

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

Personal Liability. The Owner agrees that he or she shall be personally liable for any of the transactions contemplated herein.

Further Actions. The parties to this Agreement agree to execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of this Agreement or any agreement or document relating hereto or entered into in connection herewith.

Modifications. The parties to this Agreement agree that any modifications of this Agreement shall be effective only when made by writings signed by both parties and recorded with the Clerk and Recorder of Gunnison County, Colorado. Notwithstanding the foregoing, the GVRHA reserves the right to amend this Agreement unilaterally where deemed necessary to effectuate the purpose and intent of this Agreement, and where such unilateral action does not materially impair the Owner's rights under this Agreement.

Mortgagee Right to Cure. Nothing herein shall be deemed to impair any right of a mortgagee of a Unit from curing any default by an Owner of his or her financial obligations with respect to such Unit.

EXHIBIT "A"

Legal Description

(*LEGAL DESCRIPTION of property inserted here)

EXHIBIT "B"

Permitted Capital Improvements

1. The term "Permitted Capital Improvement" as used in the Agreement shall only include the following:
 - a. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacement and/or maintenance improvements;
 - b. Improvements for energy and water conservation;
 - c. Improvements for the benefit of seniors and/or handicapped persons;
 - d. Improvements for health and safety protection devices;
 - e. Improvements to add and/or finish permanent/finished storage space;
 - f. Improvements to finish unfinished space.
 - g. Landscaping;
 - h. The cost of adding decks and balconies, and any extension thereto; and/or
 - i. Improvements associated with health and safety, energy efficiency, water conservation, and green building products.
2. Permitted Capital Improvements as used in this Agreement shall **NOT** include the following:
 - a. Jacuzzis, saunas, steam showers and other similar items;
 - b. Upgrades or addition of decorative items, including lights, window coverings and other similar items;
 - c. Upgrades of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of a unit and/or improvements required to repair and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, and other similar items, unless replacement is energy efficient or for safety and health reasons.
3. All Permitted Capital Improvement items and costs shall be approved by the GVRHA staff prior to being added to the Maximum Resale Price as defined herein. In order to get credit for an improvement where a building permit is required, the improvement will not be counted unless a Letter of Completion was obtained by the Building Department.
4. The Permitted Capital Improvements shown herein shall be subject to such additions, deletions and modifications as may be set forth in the Affordable Housing Guidelines from time to time; provided that if any improvement is made at a time when it would be deemed a Permitted Capital Improvement hereunder or under the Affordable Housing Guidelines, such improvement shall be deemed a Permitted Capital Improvement at all times notwithstanding any modification of the Affordable Housing Guidelines.

EXHIBIT "C"

MINIMUM STANDARDS FOR SELLER TO RECEIVE FULL VALUE AT RESALE

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

DEFINITIONS:

CLEAN UNIT:

All rooms will be cleaned as stated below:

- Kitchen:**
 - Range – Inner and outer services will be cleaned.
 - Range hood and Exhaust Fan
 - Refrigerator and Freezer – Inner and outer surfaces of refrigerator and freezer will be clean. Freezer will be defrosted.
 - Cabinets and Countertops – Exterior and interior surfaces of cabinets and drawers will be clean. Door and drawer handles, if provided, shall be clean and in place.
 - Sink and Garbage Disposal – Sink and plumbing fixtures will be clean. If garbage disposal provided, this must be in working order.
 - Dishwasher – If provided, must be in working order and inner and outer surfaces shall be clean.
- Blinds, Windows, Screens:**
 - Mini-blinds, Venetian Blinds, Vertical Blinds, Pull Shades – Will be clean.
 - Windows – All window surfaces, inside and outside of the window glass, shall be clean.
 - Screens – Screens will be clean and in place with no holes or tears.
- Closets:** Closets, including floors, walls, hanger rod, shelves and doors, shall be clean.
- Light Fixtures:** Light fixtures will be clean and shall have functioning bulbs/florescent tubes.
- Bathrooms:**
 - Bathtub, Shower Walls, Sinks – Bathtubs, shower walls and sinks shall be clean.

- Toilet and Water Closet – Water closets, toilet bowls and toilet seats will be clean. If the toilet seat is broken or peeling, the seat shall be replaced.
 - Tile – All tile and grout will be clean.
 - Mirrors and Medicine Cabinets – Mirrors and medicine cabinets shall be cleaned inside and out.
 - Shelves and/or Other Cabinetry – All other shelving or cabinetry shall be cleaned inside and out.
- **Walls, Ceilings, Painted Doors and Baseboards:** Painted surfaces must be cleaned with care to ensure the surface is clean without damaging the paint.
- **Floors:** Floor cleaning includes sweeping and mopping and could include stripping, waxing and buffing. Types of floor surfaces include wood, wood parquet tiles, linoleum, asphalt tile, vinyl tile, mosaic tile, concrete and carpet. If carpet, all carpets shall be cleaned at least two days prior to closing.
- **Interior Storage/Utility Rooms:** Storage/utility rooms shall be cleaned. Properly cleaned storage/utility rooms will be free from odors, removable stains, grease marks or accumulations.

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

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

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