

**RESOLUTION NO. 25-01**

**A RESOLUTION OF THE WORKFORCE AND AFFORDABLE HOUSING COMMITTEE OF THE TOWN OF RIDGWAY, COLORADO, AMENDING THE DEED RESTRICTION AND COVENANT, RIDGWAY WETTERHORN HOMES, OURAY COUNTY, AFFORDABLE HOUSING OWNERSHIP, OCCUPANCY AND RESALE, AND THE AFFORDABLE HOUSING REGULATIONS AND GUIDELINES, RIDGWAY WETTERHORN HOMES, OURAY COUNTY**

**WHEREAS**, the Town of Ridgway, Colorado (the “Town”) is a home rule municipality and political subdivision of the State of Colorado (the “State”) organized and existing under a home rule charter pursuant to Article XX of the Constitution of the State; and

**WHEREAS**, on April 12, 2023, the Ridgway Town Council adopted Resolution 23-08 which created a Workforce and Affordable Housing Committee (“Housing Committee”) to address the lack of affordable and workforce housing, and to manage and administer affordable and workforce housing projects and properties within the limits of the Town; and

**WHEREAS**, the Ridgway Wetterhorn Homes project has been completed and fourteen (14) housing units have been built in the Town of Ridgway; and

**WHEREAS**, the DEED RESTRICTION and COVENANT, RIDGWAY WETTERHORN HOMES, Ouray County, Affordable Housing Ownership, Occupancy and Resale (“Covenant”), and the AFFORDABLE HOUSING REGULATIONS AND GUIDELINES, RIDGWAY WETTERHORN HOMES, Ouray County, (“Guidelines”) were originally adopted by the Town of Ridgway on January 13, 2023; and

**WHEREAS**, the Affordable Housing Policy Goals and the Covenant and Guidelines, themselves, limit the housing opportunities to working residents and their families who make a living primarily from employment in the Ridgway School District (R-2) boundaries; and

**WHEREAS**, in August 2023, the Housing Committee discussed and granted an on-going exception that expanded the physical area in which a qualified occupant could fulfill the Minimum Work Standard to include Ouray, Montrose and San Miguel counties. That authorization expired on December 31, 2024; and

**WHEREAS**, the Housing Committee finds the Ridgway community shall be better served if the physical area is expanded to include all of Ouray County in perpetuity; and

**WHEREAS**, the Housing Committee finds this Resolution to be in the best interest and welfare of the residents of the Town.

**NOW THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Ridgway, Colorado, that the *DEED RESTRICTION and COVENANT, RIDGWAY WETTERHORN HOMES, Ouray County, Affordable Housing Ownership, Occupancy and Resale, and the AFFORDABLE HOUSING REGULATIONS AND GUIDELINES, RIDGWAY WETTERHORN HOMES, Ouray County*, as set forth in Exhibit A and attached hereto, is hereby adopted. Further, it is resolved that in the event a reference to the Ridgway School District (R-2) boundary was intended to be changed but was omitted, the Town Council of the Town of Ridgway, Colorado, give the Town Clerk authority to correct the error.

**ADOPTED AND APPROVED** this 8<sup>th</sup> day of January 2025.

\_\_\_\_\_  
John Clark, Mayor

ATTEST:

\_\_\_\_\_  
Pam Kraft, Town Clerk

**RURAL HOMES: FOR SALE, FOR LOCALS**  
**DEED RESTRICTION and COVENANT**  
**RIDGWAY WETTERHORN HOMES**

**Ouray County**

**Affordable Housing Ownership, Occupancy and Resale**

THIS DEED RESTRICTION AND COVENANT (“Covenant”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ (“Effective Date”) by [insert Name of Purchaser], (“Declarant”) for the benefit of and enforceable by Ridgway Homes, LLC, a Colorado Limited Liability Company, (the Grantor), and each the Town of Ridgway, a Colorado home rule municipality, and Rural Homes, LLC, their successors or assigns (together, the “Beneficiaries”). The Declarant and Beneficiaries are sometimes referred to herein individually as “Party” and collectively as the “Parties.”

Property Subject to Deed Restriction. The following real property (the “Housing Unit”) is hereby made subject to these Covenants:

**(insert lot legal here)**  
**County of Ouray**  
**State of Colorado.**

Commonly known as **(insert street address here)**  
This Housing Unit has a maximum AMI of \_\_\_\_\_%.  
This Housing Unit has \_\_\_\_\_# bedrooms and \_\_\_\_\_# bathrooms.  
The Original Purchase Price: \_\_\_\_\_.

**RECITALS**

**WHEREAS**, the Declarant is the Owner of the Housing Unit; and

**WHEREAS**, the Declarant on behalf of itself, its heirs, executors, administrators, representatives, successors, and assigns, desires to comply with the Deed Restriction and Covenant and **the Rural Homes: For Sale, For Locals Project – RIDGWAY WETTERHORN HOMES AFFORDABLE HOUSING REGULATIONS AND GUIDELINES (“Guidelines”)** by restricting the use of the Housing Unit as **hereinafter described; and**

**WHEREAS**, under this Covenant the Declarant and Beneficiaries intend, declare, and agree that the regulatory and restrictive covenants set forth herein governing the use of the Housing Unit described and provided for herein shall be and are hereby covenants running with the land and are intended to be and shall be binding upon the Declarant and Beneficiaries; and

**WHEREAS**, this Covenant is intended to provide housing and help keep it affordable for residents who make a living primarily from physically working in the Ouray County boundary and their families who chose to be part of the greater Ridgway community; and

**WHEREAS**, Declarant understands that this property has been subsidized by the government and charitable organizations and acknowledges that it has received adequate and valuable consideration in exchange for the imposition of this Covenant upon the Housing Unit.

## COVENANT

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are hereby incorporated in this Covenant as substantive provisions, the mutual covenants, restrictions, and equitable servitudes stated herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby represent and agree as follows:

1. **Covenant Runs with the Land.** This Covenant shall constitute covenants running with title to the Housing Unit, for benefit of, and enforceable by, each of the Beneficiaries, and their successors and assigns, and this Covenant shall bind the Beneficiaries and all subsequent Owners and Occupants of the Housing Unit. Each Owner and Occupant, upon acceptance of a deed or lease to the Housing Unit, shall be personally obligated hereunder for the full and complete performance and observance of all covenants, conditions, and restrictions contained herein during the Declarant's period of ownership or Occupant's tenancy, as may be appropriate. Each and every Transfer or lease of the Housing Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants contained in this Covenant, even without reference to this Covenant in any document of conveyance. The Beneficiaries shall hold their interest as tenants in common, except that no Beneficiary may sell, transfer or assign their interest in the Covenant without the express written permission of the other(s), and no Beneficiary shall agree to relieve any Owner or Qualified Occupant of their obligations under the Covenant without the express written consent of the other(s). If one of the Beneficiaries ceases to exist, that Beneficiary's interest in the Covenant shall be deemed to be assigned to the remaining Beneficiary(s).

**1.1 Term.** The "**Term**" of this Covenant shall commence on the Effective Date and shall continue until \_\_\_\_\_ ("**Expiration Date**"). Said term of one hundred (100) years shall reset upon each and every Transfer.

**1.2 Administration and Enforcement.** This Covenant shall be administered by the Town of Ridgway or its duly authorized Designee acting as the housing authority administrator ("**HA**"). This Covenant shall be enforceable by the HA, its duly authorized Designee, or the Beneficiaries, by any appropriate legal or equitable action, including but not limited to specific performance, injunction, abatement or eviction of non-complying Housing Unit Owner(s) or Occupant(s), or such other remedies and penalties as may be specified in this Covenant, including but not limited to the Schedule of Violations and Fines found in the Guidelines.

**1.3 Updated Covenants.** Upon each and every Transfer, the transferee shall execute the most recent Covenant that has been approved by the Town of Ridgway and the HA at the time of Transfer.

**1.4 Replacement of Prior Agreement.** If applicable, this Covenant shall supersede and replace in its entirety that certain Deed Restriction and Covenant recorded in the official records of the \_\_\_\_\_ County Clerk and Recorder ("**Official Records**") on [RECORDING DATE] at Reception No. [RECORDING #].

2. **Definitions.** The Parties acknowledge and agree to the definitions in the **Rural Homes: For Sale**,

**For Locals Project – RIDGWAY WETTERHORN HOMES AFFORDABLE HOUSING**

**REGULATIONS AND GUIDELINES** (“Guidelines”) and further agree that each definition: (a) forms a portion of the basis of this Covenant; and (b) is incorporated in this Covenant. As used in this Covenant, Guidelines shall mean the most current Guidelines in effect at the time of closing on a sale or transfer of the Housing Unit or at the commencement date of a lease or other occupation agreement, as same may be amended from time to time, or its successor document.

**3. Ownership, Use, Occupancy, Rentals, and Qualification.**

**3.1 Ownership.** The ownership of the Housing Unit is hereby, and shall henceforth be, limited exclusively to Qualified Owner(s) as defined in the Guidelines. In the event that the Housing Unit is owned without compliance with this Covenant, the HA shall have the remedies set forth herein, including but not limited to the rights under Section 11.

**3.2 Use and Occupancy.** The use and occupancy of Housing Unit is hereby, and shall henceforth be, limited exclusively to Qualified Owners or Qualified Occupant(s), and their Immediate Families.

3.2.1 Home Occupation. The Housing Unit may be used in conjunction with a Home Occupation by the Qualified Household or Qualified Occupants residing in the Housing Unit subject to the provisions of the Guidelines and local land use restrictions.

3.2.2 Guests are exempt from qualification requirements.

**3.3 Initial Qualification.**

3.3.0 Qualified Entity Owners: Land Contributors, Business Owners, Local Governments, and Special Districts are exempt from the Initial Qualifications in 3.3.1 but shall comply with all Occupancy Qualification and Rental Standards required by the Covenant and Guidelines.

3.3.1 Qualified Owner: To be eligible to purchase the Housing Unit, at least one member of the Household who is an Owner must be a Qualified Employee and meet Section 3.3.1.a, below, and all Household members must meet Section 3.3.1 b- f ., below, and as further defined in the Guidelines:

3.3.1.a Meet the Minimum Work Standard physically in the Ouray County boundary for the twelve (12) months prior to purchase or provide evidence to the HA that Applicant will meet the Minimum Work Standard physically in the Ouray County boundary for the twelve (12) months following the purchase; and

3.3.1.b Must meet the Earned Income Standard or has provided evidence to the HA that Applicant will meet the Earned Income Standard within the next twelve (12) months following the purchase; and

3.3.1.c Must not own any interest in other Improved Residential Property(s) located within a one-hundred and fifty (150) mile radius from the Housing Unit.

3.3.1.d Must not have a Net Worth that exceeds three (3) times the Initial Sales Price of the Housing Unit; and

3.3.1.e Must meet the income restrictions applicable to the Housing Unit based on the Area Median Income (AMI) percentage limit and the Housing Unit designation in the legal description, and as set forth in the Guidelines to be recorded at time of sale; and

- 3.3.1.f Shall occupy the Housing Unit as their sole and exclusive primary residence.
- 3.3.1.g Qualified Entity Owners may own no more than two (2) Housing Units at one time, unless negotiated otherwise in the original development agreement, and make them available via sale or long-term rental to Qualified Occupants pursuant to this Covenant without the Qualified Entity Owner itself meeting the above-listed requirements. Qualified Entity Owner shall not occupy or use the Unit for such Owner's own use or leave the Housing Unit vacant for more than three months in any twelve (12) month period. Any occupancy of a Unit pursuant to Section 3.4. shall meet all Household Size requirements.
- 3.3.1.h Businesses who are in the business of residential property management, residential property rentals, mobile home park ownership or rental and/or residential property ownership may not be certified as a Business Owner.
- 3.3.1.i A reasonable accommodation and exception may be requested from HA for any of these qualifications.
- 3.3.2 Qualified Occupant: To be eligible to rent the entire Housing Unit or a room in a Housing Unit, the Qualified Occupant:
  - 3.3.2.a Shall meet the above-listed requirements of Section 3.3.1a-f.
  - 3.3.2.b A reasonable accommodation and exception may be requested from the HA for any of these qualifications.

**3.4 Rental of Property** Short-term rental of the Housing Unit is prohibited. Long-term rentals may be approved as follows:

- 3.4.1 Qualified Entity Owner Units: Long-term rental is allowed subject to the provisions of the Guidelines and the terms and provisions of this Covenant. Units, owned by the Qualified Entity Owner may be rented to Qualified Occupants for a term of no less than six (6) months. All rentals must comply with the current Guidelines.
- 3.4.2 All other Housing Units: Owner may not, except with prior written approval of the HA, and subject to the HA's conditions of approval, rent an entire Housing Unit for any period of time. If approved, a rental shall be for no less than one (1) month. All rentals must comply with the current Guidelines.
- 3.4.3 Roommates: The Qualified Owner may share occupancy of a Housing Unit with non-owners on a rental basis provided Qualified Owner continues to occupy Housing Unit as his/her sole and primary residence and meets the obligations contained in this Covenant. A roommate must be certified as a Qualified Tenant Household. Short-term rentals of any kind are strictly prohibited.
- 3.4.4 Copy of Lease: The Housing Unit Owner shall provide to the HA a fully executed copy of the Lease or other occupancy agreement no later than seven (7) days after it is fully executed.
- 3.4.5 No Indemnification or Waiver of Immunity: Nothing herein shall be construed to require any of the Beneficiaries to protect or indemnify the Owner against any losses attributable to a rental including, but not limited to, non-payment of rent or damages

to a Housing Unit; nor to require any of the Beneficiaries to obtain a Qualified Occupant for the Owner in the event that none is found by the Owner. In addition, nothing herein shall be construed as a waiver by any of the Beneficiaries' governmental immunity, if applicable, provided by the Colorado Governmental Immunity Act or other applicable law.

**3.5 Continued Qualification Compliance.** All Qualified Owners and Qualified Occupants, including multiple owners, must maintain compliance with all applicable requirements and shall maintain Qualified Household status on an on-going basis. Failure of any Owner or Occupant to do so shall constitute a violation. Any Owner or Occupant of a Housing Unit is required to comply with annual or biennial deed restriction monitoring certifying to the HA that they are in compliance with the requirements of this Covenant.

**3.5.1 Continuing Compliance Standards to maintain Qualified Household status:**

3.5.1.a At least one member of the Household must be a Qualified Employee who meets the Minimum Work Standards physically within the Ouray County boundary.

3.5.1.b The Qualified Household shall meet the Earned Income Standard.

3.5.1.c The Qualified Household shall occupy the Housing Unit as their Primary Residence at all times during the ownership or rental of a Housing Unit and for at least eight (8) of every twelve (12) months on a rolling twelve (12) month basis.

3.5.1.d Household Net Worth shall not exceed three (3) times the Initial Sales Price of the Housing Unit:

3.5.1.e Household Net Income shall no longer be considered for continuing qualification for Owners.

3.5.1.f Tenant Household's Net Income will be considered for Tenant's continuing qualification and Tenant must continue to meet the AMI tier standard for the Housing Unit.

3.5.1.g Household is prohibited from ownership of other Improved Residential Property located within a one-hundred fifty (150) mile radius from the Housing Unit, see Section 5, and as further described in the Guidelines.

**4. Restriction on Debt.** Declarant shall not incur any debt or promissory note secured by a deed of trust or other security instrument that encumbers the Housing Unit in excess of the Original Purchase Price.

**5. Ownership Interest in Other Residential Property.** At the time of application, a Household may own other improved or unimproved residential or commercial property, however, all Improved Residential Property located within a one-hundred and fifty (150) mile radius from the Housing Unit must be listed immediately for sale and sold for fair market value within one year of taking title to the Housing Unit. In the event said other Improved Residential Property has not been sold by the Owner within twelve (12) months of its listing as required hereunder, then the Owner shall immediately list the Housing Unit for sale, pursuant to Section 7.1. a Qualified Entity Owner, qualified under Section 3.3.1 g-i, is exempt from this restriction.

**6. Income and Household Size Restrictions.** The applicable Income Eligibility Tier, which defines household income and household size restrictions, in compliance with this Covenant and as set forth in the Guidelines, Appendix A, will apply to Declarant, Qualified Occupants and future purchasers. If Declarant's Household size falls below the minimum required, Declarant shall rent a room to a Qualified Tenant pursuant to §3.4, above.

7. **Transfer of Property:** Transfers of the Housing Unit are subject to this section unless excepted under Section 7.2, below.

7.1 **Requirements.** Declarant may sell the Housing Unit to a Qualified Owner, pursuant to the Guidelines, to the terms and provisions of this Covenant, and to the following:

7.1.1 **Notice of Intent to Sell:** Declarant or Owner must deliver a written notice of its intent to sell the Housing Unit (“Notice of Intent to Sell”) to the Beneficiaries prior to offering the Housing Unit for sale.

7.1.2 **Right of First Refusal:** The Right of First Refusal to purchase shall first be provided to Beneficiaries pursuant to the Guidelines and Section 7.4, below.

7.1.3 **Qualification of Prospective Buyer:** In order to proceed to the closing of the sale of the Housing Unit (“Closing”), HA must have first certified in writing that the prospective buyer is a Qualified Owner pursuant to the Guidelines and to the terms and provisions of this Covenant.

7.1.4 **Void Transfer:** In the event the Housing Unit is sold and/or transferred without compliance with this Covenant, such sale and/or transfer shall be wholly null and void and shall confer no title whatsoever upon the purported buyer.

7.1.5 **Date of Notice:** For purposes of this Covenant, “date of Owner's Notice of Intent to Sell” shall be the date on which written Notice of Intent to Sell is delivered to the HA.

7.1.6 **Administration Fees:** At the time of purchase, Declarant must pay any Covenant administration fees due according to the Guidelines. Such fees shall be paid by Declarant to the HA out of Declarant's proceeds of the sale of the Housing Unit and may not be added to the price of the Housing Unit.

7.1.7 **HA Made Whole:** No transfer of a Housing Unit shall occur unless and until each and every encumbrance, debt or liability owed by the Owner to any of the Beneficiaries is fully satisfied, such as fees and violation fines.

7.2 **Transfer Exception.** If reviewed and approved in writing by the HA prior to transfer, the following occurrences are exceptions to the definition of Transfer, provided that the new Owner, other than an estate, shall use the Housing Unit as their principal residence:

7.2.1 A transfer resulting from the death of a Qualified Owner where the transfer is to the spouse or domestic partner or co-owner, who is also a Qualified Owner.

7.2.2 A transfer resulting from the death of an Owner through a bequest or by intestate succession to a child of Qualified Owner who is certified as a Qualified Owner.

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



**7.3** **Maximum Sale Price.** The Original Purchase Price (“OPP”) of the Housing Unit shall be the basis for calculating the Maximum Sale Price (“MSP”) in accordance with this Covenant and the Guidelines in effect at the time of listing the Housing Unit for re-sale.

7.3.1 The Housing Unit shall meet the Minimum Resale Standards, defined in Section 7.3.4, below, to sell at MSP.

7.3.2 The MSP of a Housing Unit shall be limited to be no more than the following calculation:

The MSP may not exceed the sum of: (i) the OPP paid by the Owner for the Housing Unit, plus: (ii) an increase of three percent (3%) of such OPP per year compounded annually (prorated at the rate of 0.25 percent for each whole month, but not compounded annually) from the date of the Owner's purchase of the Housing Unit to the date of the Owner's Notice of Intent to Sell the Housing Unit; plus (iii) an amount equal to any special improvement district assessments, if applicable and not transferable, paid by the Seller during the Seller's ownership of the Housing Unit; (iv) the cost of Permitted Capital Improvements made to the Housing Unit by the Owner as set forth in Section 7.3.3, less the amount required to bring the Housing Unit up to the Minimum Resale Standards, if any.

7.3.3 Permitted Capital Improvements: The amount of Permitted Capital Improvements allowed to be added to the MSP shall not exceed ten per cent (10%) of the original purchase price provided that:

7.3.3.a Improvements are pre-approved by HA prior to commencement of any work or installation; and

7.3.3.a.1 Proof of homeowners’ association, if any, approval is provided to HA prior to commencement of work.

7.3.3.a.2 Improvements are properly permitted and inspected by the local Building Official, if applicable.

7.3.3.b Improvements are documented by Declarant and submitted to HA within three months of completion.

7.3.3.c The depreciation of Permitted Capital Improvements calculated from the schedule in the Marshall Swift Residential Handbook or any other approved handbook in effect at the time of calculation of MSP, shall be subtracted from the cost of the improvement; and

7.3.3.d Any other reasonable costs allowed by HA pursuant to the Guidelines in effect on the date of Owner’s Notice of Intent to Sell may be added to the MSP.

7.3.3.e The 10% limitation on Permitted Capital Improvements shall reset every ten (10) years of continued ownership of the Housing Unit.

7.3.4 Minimum Resale Standards: Pursuant to the Guidelines, Section 6.8.2, each Owner shall be responsible for ensuring that at the Transfer of his or her Housing Unit, the same is clean, the appliances are in working order, and that there are no health or safety violations regarding the Housing Unit. Seller’s Property Disclosure form and Seller’s Listing Checklist shall be completed and submitted prior to listing a unit for sale.

7.3.4.a If a Housing Unit does not meet Minimum Resale Standards, HA may, at its discretion, require that the cost of necessary repairs be deducted from the closing sale price, or that Seller place into escrow the funds necessary to ensure satisfactory repairs. Any escrow balance remaining after necessary repairs are satisfactorily made shall be returned to Seller.

7.3.5 Assumption of Costs: No Declarant shall permit any prospective purchaser to assume any or all of the Declarant's closing costs. No Declarant shall accept anything of value from a prospective purchaser except for the MSP before, during or after closing of the transfer of the Housing Unit.

7.3.6 Caveat: Nothing in this Covenant represents or guarantees that the Housing Unit will be re-sold at an amount equal to the MSP. Depending upon conditions affecting the real estate market, the Housing Unit may be re-sold for less than the MSP.

**7.4 Beneficiaries Right to Acquire Ownership**. The initial Owner and each subsequent Owner shall not transfer any Housing Unit without first offering the same to each of the Beneficiaries for purchase. Each of the Beneficiaries shall have a right to purchase the Housing Unit as follows:

7.4.1 Upon Owner's Notice of Intent to Sell as set forth in Section 7.1.1, or upon exercise of Notice of Election to Require Sale as defined in Section 10.3, or if an Owner receives any offer to purchase or tenders any offer of sale for the Housing Unit, either of the Beneficiaries, or their successors, shall have the Right of First Refusal to purchase ("ROFR") the Housing Unit for the offered sales price or MSP. This ROFR shall be triggered at each submittal of a Notice of Intent to Sell.

7.4.2 Each of the Beneficiaries shall exercise its ROFR by executing a written and binding commitment to purchase ("Notice of Purchase") the Housing Unit to Owner and the other Beneficiaries within thirty (30) days after each of the Beneficiaries receives written Notice of Intent to Sell by Owner. A Party exercising the ROFR shall deposit a non-refundable deposit of 5% of the MSP in escrow for the benefit of the Seller contemporaneously with the exercise of said right. The commitment to buy shall set a closing date within sixty (60) days of delivery of Notice of Purchase.

7.4.3 Each of the Beneficiaries shall have the right to inspect the Housing Unit prior to exercising its ROFR.

7.4.4 In the event more than one Beneficiary wishes to exercise the ROFR, the priority shall first go to the Land Contributor, then to the HA, and then to the Rural Homes, LLC or their successors in interest, if applicable.

7.4.5 In the event the Beneficiaries do not execute a written and binding commitment to purchase the Unit within said thirty (30) day period, this ROFR shall expire.

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

**8. No Creation of Additional Unit**. In no event shall Declarant create an additional "Dwelling Unit" as defined in the applicable Land Use Code, in or as part of the Housing Unit unless authorized by

the HA in writing and allowed by the zone district and subject to all local building and planning codes and permissions.

9. **No Alteration of Housing Unit.** The Housing Unit shall not be altered, demolished, partially demolished, released from these covenants, or relocated, unless and except in compliance with the Guidelines and the applicable Land Use Code provisions in effect at the time of the application for alteration, demolition, release, or relocation.

10. **Foreclosure**

- 10.1 **Default.** It shall be a breach of this Covenant for Declarant to default in the payments or other obligations due or to be performed under a promissory note secured by deed of trust encumbering a Housing Unit. The Declarant hereby agrees to notify the Beneficiaries, in writing, of any notification Declarant receives from a lender, or its assigns, of past due payments or default in payment or other obligations due or to be performed under a promissory note secured by a deed of trust, as described herein, within five (5) calendar days of Declarant's notification from lender, or its assigns, of said default or past due payments.

10.2 **Right to Cure Default.**

10.2.1 Upon receipt of notice as provided herein, each of the Beneficiaries shall have the right, in its sole discretion, to cure the default or any portion thereof (“Curing Party”). In such event, the Declarant shall be personally liable to the Curing Party for past due payments made by the Curing Party, together with interest thereon at the rate specified in the promissory note secured by the deed of trust, plus one (1) percent, and all actual expenses the Curing Party incurred in curing the default.

10.2.2 In the event the Declarant does not repay the Curing Party within sixty (60) days of notice that the Curing Party has cured the Declarant’s default, the Declarant agrees that the Curing Party shall be entitled to a lien against the Housing Unit to secure payment of such amounts. Such a lien may be evidenced by a notice of lien setting the amounts due and rate of interest accruing thereon, and such notice of lien may be recorded in the real property records of Town, until such lien is paid and discharged. The Curing Party shall have the additional right to bring an action to foreclose on the Housing Unit for the payment of the lien set forth in Section 12.6.

10.3 **Right to Require Sale.**

10.3.1 Upon default of Declarant, each of the Beneficiaries shall have the right to require Declarant to sell the Housing Unit to avoid the commencement of any adverse proceedings against the Housing Unit by providing Declarant written notice of HA’s decision to exercise such right (“Notice of Election to Require Sale”).

10.3.2 Upon receipt of a Notice of Election to Require Sale by any Qualified Holders, as defined in C.R.S. § 38-38-100.3(20), or mortgage brokers licensed by the Colorado Division of Real Estate pursuant to C.R.S. § 12-61-901 et. seq., Declarant shall immediately offer the Housing Unit for sale according to the provisions of Section 7.

- 10.4 **Non-Qualified Owner in Event of Foreclosure.** In the event of a foreclosure on a promissory note secured by a first deed of trust on the Housing Unit or the acceptance by the holder of such note and deed of trust (“Holder”) is issued a public trustee’s deed for the

Housing Unit or records a deed in lieu of foreclosure for the Housing Unit, this Covenant shall remain in full force and effect and Holder shall be considered a non-Qualified Owner.

11. **Obligation to Maintain Homeowner's Insurance.** Deed-restricted housing with public and private subsidies means that the cost to build homes is greater than the sales price. Owners shall obtain full replacement cost coverage through an insurance provider licensed with and compliant with the Colorado Department of Regulatory Agencies which will repair or replace the home in the event of damage or destruction.

11.1 Request for Insurance Coverage Certificate. Owner may be required to verify compliance with §11, above at any time and is required to respond within seven (7) days.

11.2 Failure to maintain adequate Homeowner's Insurance shall be considered a material breach of this Covenant.

12. **Default/Breach**

12.1 **Right to Inspect.** In the event the HA has or the Beneficiaries have reasonable cause to believe a Declarant is violating the provisions of this Covenant, that entity, through its authorized representatives, may inspect the Housing Unit between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday, after providing the Declarant with no less than twenty-four (24) hours written notice; Declarant has the right to be present.

12.2 **Notice of Violation.** The HA shall send a Notice of Violation ("NOV") to the Declarant detailing the nature of the violation and allowing the Declarant fourteen (14) days to determine the merits of the allegations, or to correct the violation. The NOV shall advise the alleged violator of the fines associated with each alleged violation as required by the Schedule of Violations and Fines, Appendix E of the Guidelines, and any additional opportunity to cure before the fines or consequences escalate. In the event the Declarant disagrees with the allegation of violation of the Covenant or the Guidelines, the Declarant may request, in writing, a hearing before the HA or its designated hearing officer, who shall have absolute discretion to determine the appropriate action to be taken to either remedy the violation or to require Declarant to sell the Housing Unit. If the Declarant does not request a hearing and the violation is not cured within the fourteen-day period, the Declarant and/or Occupant shall be considered in violation of this Covenant, and fines shall continue to accrue until the violation is cured or the maximum fine has been reached. Failure to request a hearing shall constitute the failure to exhaust administrative remedies for the purpose of judicial review.

12.3 **Hearing Before the HA.** Whenever this Covenant provides for a hearing before the HA, such hearing shall be scheduled by the HA within fourteen (14) days of the date of receipt of a written request for a hearing. At any such hearing, the Declarant or other aggrieved party may be represented by counsel and may present evidence on the issues to be determined at the hearing. An electronic record of the hearing shall be made, and the decision of the HA shall be a final decision, subject to judicial review.

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

- 12.5 **Sale Without Compliance.** In the event the Housing Unit is sold and/or conveyed without compliance with the terms of this Covenant, 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 Housing Unit, for all purposes, shall be deemed to include and incorporate by this reference the covenants herein contained, even without reference therein to this Covenant.
- 12.6 **Failure to Cure.** In the event a Declarant fails to cure any breach of this Covenant, each of the Beneficiaries may resort to any and all available legal or equitable actions, including but not limited to specific performance of this Covenant, a mandatory injunction requiring the sale of the Housing Unit by Declarant, and/or an injunction against future sale(s) in violation of this Covenant.
- 12.7 **Violation Fixes Resale Price.** In the event of a breach of any of the terms or conditions contained herein by Declarant, his or her heirs, successors or assigns, the Declarant's MSP of the Property shall, upon the date of such breach as determined by the HA, automatically cease to increase as set out in Section 7.3 and shall remain fixed until the date of cure of said breach.

13. **General Provisions**

- 13.1 **Enforcement of Covenant.** This Covenant shall constitute covenants running with the land and Housing Unit as a burden thereon, for the benefit of each of the Beneficiaries and/or its respective successors and assigns, as applicable, and who may enforce the covenants and compel compliance therewith. Enforcement by any appropriate legal action may include, but is not limited to specific performance injunction, reversion, damages, or eviction of noncomplying Declarants and/or Occupants.
- 13.2 **Equal Housing Opportunity.** Pursuant to the Fair Housing Act and public policy, the HA shall not discriminate on the basis of race, creed, color, sex, national origin, familial status, disability, sexual orientation, or gender identity in the lease, sale, use or occupancy of the Housing Unit.
- 13.3 **Waiver of Exemptions.** Every Declarant, by taking title to a Housing Unit, shall be deemed to have subordinated to this Covenant any and all right of homestead and any other exemption in, or with respect to, such Housing Unit under state or federal law presently existing or hereafter enacted.
- 13.4 **Notices.** Any notice, consent, approval, or request which is required to be given by any party hereunder shall be given by personal delivery, by mailing the same, certified mail, return receipt requested, properly addressed and with postage fully prepaid, to the address provided herein or to the address of the Declarant. The Declarant shall advise the Housing Agency of any change in address, in writing. Mailing requirements may be waived by consent of the Parties and acknowledgment of delivery by email or regular mail.

To Beneficiaries: Mayor  
Town of Ridgway  
201 N. Railroad Street  
PO Box 10  
Ridgway, CO 81432  
Telephone: 970-626-5308

Rural Homes, LLC  
PO Box 4222  
Telluride, CO 81435  
Telephone: 970-728-8717

To Administrator: Ridgway Workforce and Housing Committee  
201 N. Railroad Street  
PO Box 10  
Ridgway, CO 81432  
Telephone: 970-626-5308

To Declarant: \_\_\_\_\_  
\_\_\_\_\_

**12.5 Severability.** Whenever possible, each provision of this Covenant and any other related document shall be interpreted in such manner as to be valid under applicable law; but if any provision of this Covenant 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 this Covenant.

**12.6 Choice of Law.** This Covenant and each and every related document is to be governed and construed in accordance with the laws of the State of Colorado.

**12.7 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.

**12.8 Further Actions.** Declarants and subsequent owners agree that they shall be personally liable for their participation in any of the transactions contemplated herein and that they will execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of this Covenant or any agreement or document relating hereto or entered into in connection herewith.

**12.9 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.

**12.10 Modifications.** Any modifications of this Covenant shall be effective only when made by a duly executed instrument by the HA and Declarant, with the written consent of each of the Beneficiaries, and recorded with the Clerk and Recorder of County.

**12.11 Attorney Fees.** In the event any of the Parties resorts to litigation with respect to any of the provisions of this Covenant, the prevailing Party shall be entitled to recover damages and costs, including reasonable attorney fees.

**TOWN OF RIDGWAY**

By: \_\_\_\_\_ EXECUTED, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
[name], Mayor

State of Colorado                    )  
                                                  ) ss.  
County of \_\_\_\_\_                )

The foregoing Rural Homes: For Sale, For Locals Deed Restriction and Covenant, Ridgway Wetterhorn Homes has been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [name], Mayor, Town of Ridgway

Witness my hand and official seal.  
My commission expires:

\_\_\_\_\_ Notary  
Public

**RIDGWAY WORKFORCE AND HOUSING COMMITTEE**

By: \_\_\_\_\_ EXECUTED, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
[name], Chair

State of Colorado                    )  
                                                  ) ss.  
County of \_\_\_\_\_                )

The foregoing \_\_\_\_\_ Rural Homes: For Sale, For Locals Deed Restriction and Covenant, Ridgway Wetterhorn Homes has been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [name], Chair of the Housing Authority

Witness my hand and official seal.  
My commission expires:

\_\_\_\_\_ Notary  
Public

**RURAL HOMES, LLC**

By: \_\_\_\_\_ EXECUTED, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
[name], Member

State of Colorado                    )  
                                                  ) ss.  
County of \_\_\_\_\_                )

The foregoing Rural Homes: For Sale, For Locals Deed Restriction and Covenant, Ridgway Wetterhorn Homes has been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_[name], Member of RURAL HOMES, LLC.

Witness my hand and official seal.  
My commission expires:

\_\_\_\_\_  
Notary Public

**DECLARANT**

\_\_\_\_\_ EXECUTED, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.  
[name]

State of Colorado                    )  
                                                  ) ss.  
County of \_\_\_\_\_                )

The foregoing Rural Homes: For Sale, For Locals Deed Restriction and Covenant, Ridgway Wetterhorn Homes has been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_[name].

Witness my hand and official seal.  
My commission expires:

\_\_\_\_\_  
Notary Public



Rural Homes: For Sale, For Locals

AFFORDABLE HOUSING REGULATIONS AND GUIDELINES

**RIDGWAY WETTERHORN HOMES**

Ouray County

Approved by the Colorado Attorney General and DOLA

Adopted by the Town of Ridgway on January 13, 2023

Amended on January 8, 2025

## **WELCOME**

**GENERAL POLICY GOALS:** The general goal of the Rural Homes: For Sale, For Locals (RH) is to provide high quality homes that will remain affordable for working residents and their families who make a living primarily from employment in the Ouray County-boundaries, whose income and assets are below certain targeted limits, and who choose to be part of the local community. This is accomplished, for the most part, by regulating and restricting occupancy and sale of the Housing Units covered by these Affordable Housing Regulations and Guidelines (Guidelines) to “Qualified Households” as defined herein.

Qualified Households must meet specific economic means tests that may include both Household Income and Household Net Assets. Such tests of economic means are intended to promote diversity within the target community.

The Housing Units covered by these Guidelines are subject to price limitations for sale, resale and/or rental. These limitations are intended to insure affordability for the current Household and for the long-term affordability of the Housing Unit.

These Guidelines are intended to provide for clear, fair, and consistent administration of the Rural Homes: For Sale, For Locals Deed Restriction and Covenant Ridgway Wetterhorn Homes (referred to as “Covenant” or “Deed Restriction”), associated with each Housing Unit (also referred to as Unit). It is recognized that there are individual Households and Housing Units that may not fit clearly within the specific provisions of the Guidelines but still meet these general policy goals. For these cases, Exception and Appeal processes have been established (Section 11).

The Housing Authority (HA) or its designee is authorized to adopt specific policy directives as necessary to clarify and aid in the application and enforcement of the Deed Restriction. Any policy directives shall be adopted by HA at a properly noticed public meeting.

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## 1. DEFINITIONS

Definitions of terms and phrases contained within the Deed Restriction and Guidelines:

- 1.1 **ACCESSORY DWELLING UNIT (ADU)** - a building, or portion thereof, the use of which is incidental to that of the main building, and which is located on the same lot or parcel with the main building or use, and which building has a separate kitchen, separate bathroom, a separate entrance, and which is restricted by rent and occupancy requirements as described in these Guidelines.
- 1.2 **APPEAL** - is the process used when the Applicant understands and acknowledges the Covenant and Guidelines criteria and believes that after an initial determination, the criteria have been applied to him or her incorrectly.
- 1.3 **APPLICANT** - a Household that has submitted the required application either for qualification as a Buyer or a Renter or who submits a request for an Exception.
- 1.4 **AREA MEDIAN INCOME (AMI)** - a statistical number based on Household Size and Income for residents of the county in Colorado in which the Housing Unit is located and that is used in these Guidelines as a basis for the Income Eligibility Tiers applied to specific Housing Units. HA shall update the AMI once per year based upon an analysis of the best available data for County Household Incomes. Data sources and methods for this analysis are documented in Appendix A.
- 1.5 **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. Assets include both liquid and non-liquid assets. Liquid Assets include cash in savings, checking or other forms of bank accounts and stocks, bonds or other instruments that can readily be converted to cash. Non-liquid Assets are those items not easily converted to cash.

The most recent assessed value as provided by the applicable assessor's office will be used to determine the value of Assets, including real estate holdings, regardless of setoffs by encumbrances, costs of sale or holding, or percent of ownership interest. 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. Assets in a qualified retirement plan and intangible assets will not be included in the asset calculations for each income category. Household Net Assets equals gross Household Assets less gross Household Liabilities.

NOTE: A one-time gift of up to 30% of the Original Purchase Price used exclusively as a down payment for the purchase of a Housing Unit may be considered as a net asset, and not as Unearned Income for the purposes of initial qualification.

- 1.6 **BEDROOM** - area designed to be used for sleeping purposes that shall contain a closet, have access to a bathroom and meets applicable Building Code requirements for light, ventilation, sanitation, and egress.

1.7 **BUSINESS OWNER** - a person or entity that owns or operates a business located in and serving the County, with a local workforce working in Ouray County, and who has been certified by the Housing Authority to own a Housing Unit and who has agreed to the rental restrictions set forth in the Deed Restriction and these Guidelines. Note: Businesses who are in the business of residential property management, residential property rentals, mobile home park ownership or rental and/or residential property ownership may not be certified as a Business Owner.

1.8 **BUYER** - a person who is buying a Housing Unit.

1.9 **CAPITAL IMPROVEMENTS AND PERMITTED CAPITAL IMPROVEMENTS** - a Capital Improvement is any fixture, construction or installation that is erected, constructed, or installed as a permanent improvement to real property or non-recurring expenses for physical improvements that provide a long-term upgrade or improvement to the Housing Unit, not to include ordinary repair and maintenance. A Permitted Capital Improvement is a Capital Improvement that has been approved by HA prior to erection and shall NOT include luxury items, upgrades for esthetic or personal preference, landscaping, or cost associated with ordinary repair, replacement, and maintenance. For example, installing a stained-glass window in place of a functioning clear glass window would be considered a luxury item.

Permitted Capital Improvements are established for determining Maximum Sales Price as the terms are defined in Section 6.11.

1.10 **COMMERCIAL PROPERTY** - property which is used for any of the following uses as defined by the applicable Land Use Code: Commercial; Industrial; Accommodations (including Hotel, Lodge, Boarding and Rooming houses, Lock-off units, and Short-term Dwelling Units); and Agricultural Land.

1.11 **CO-SIGNER** - a joint signatory of a promissory note whose obligations are the same as those of the primary borrower. If the primary borrower does not repay the loan, the co-signer accepts responsibility for the debt. A Co-signer shall not occupy the Housing Unit unless qualified by HA.

1.12 **COUNTY** - the county in the state of Colorado in which the Housing Unit is located.

1.13 **DECLARANT** - the person or entity who is purchasing the Housing Unit and who signs the Deed Restriction and Covenant.

1.14 **DEED RESTRICTION** – a contract prepared by HA in coordination with Rural Homes (RH) and entered into between HA, RH, and the Owner or Buyer of real property identifying and burdening the conditions of use, occupancy and sale which shall not be altered by any party without the written consent of all parties, also referred to as Covenant.

1.15 **DESIGNEE** - a person or entity that is named and authorized to act in place of the person or entity granting the designation.

- 1.16 **DISABLED PERSON** – See Individual with a Disability.
- 1.17 **DOWN PAYMENT** - a cash payment made by the purchaser toward the purchase price of the Housing Unit.
- 1.18 **EARNED INCOME STANDARD** - total Household Earned Income must be at least 75% of the total Household Income. Unearned Income cannot exceed 25% of total Household Income. See **INCOME**.
- 1.19 **ELDERLY** - a person who is at least 65 years of age.
- 1.20 **ELIGIBILITY** - qualification requirements applied to a Household based on the specific Housing Unit the Household intends to occupy.
- 1.21 **EMPLOYEE** - a person who is self-employed or is working for another person or business and is compensated for such work on an hourly, weekly, monthly or commission basis or any combination of such compensation.
- 1.22 **ESSENTIAL RESPONSE PERSONNEL** - those persons required to report to their designated work location to ensure the operation of essential functions during an emergency. Qualified Essential Response Personnel are employees (on call 12 hours/day, a minimum of 8 times per month or its equivalent) of a community-based organization, in the Ouray County boundaries that provides on-scene assistance and personal care to victims. Community-based organizations include but are not limited to the Fire Department, Search & Rescue, Police, Marshal, and Sheriff's Departments, Emergency Medical Services, Social Services, and Emergency Dispatch.
- 1.23 **EXCEPTION, REQUEST FOR** - the process used when the Applicant understands and acknowledges the Covenant and Guidelines criteria and believes that there exists a legitimate and compelling reason why the Applicant should be excused from such criteria or allowed a modification of the criteria.
- 1.24 **FAIR MARKET VALUE** - the price at which bona fide non-distress sales have been consummated for assets of like type, quality, and quantity in a particular market.
- 1.25 **FAMILY** - see Immediate Family
- 1.26 **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.
- 1.27 **FINANCIAL STATEMENT** - a statement detailing all personal assets, liabilities, and net assets (the difference between gross assets and liabilities) as of a specific date.
- 1.28 **FIRST MORTGAGE** - a deed of trust or mortgage that is recorded senior to any other deeds of trust or liens against a property to secure a loan used to purchase a property by a Mortgagee.

- 1.29 **FREE-MARKET PROPERTY** - a property that is not restricted by any Deed Restriction or covenant regarding price or terms of sale.
- 1.30 **FULL-TIME EMPLOYEE** - a person who works a minimum of 1,200 hours per year by working no less than eight (8) of every twelve (12) months on a rolling twelve (12) month basis AND during the qualifying eight (8) months must work at least forty (40) hours per month.
- 1.31 **GOVERNMENT PERSONNEL** - any Full-time Employee of a federal, state, or County agency, or any local government, including law enforcement agencies.
- 1.32 **GRIEVANCE** - any dispute that Seller, Buyer, Owner, or Applicant may have with HA with respect to an action or failure to act in accordance with the individual's rights, duties, welfare, or status.
- 1.33 **GUEST** - a person with whom a Household shares the same living quarters who has no proprietary interest including no leasehold interest in the Housing Unit, who is not on the title to the unit, who does not provide financial assistance to the Household, and whose stay is limited to less than thirty (30) days every six (6) months.
- 1.34 **GUIDELINES** - these Rural Homes: For Sale, For Locals Affordable Housing Regulations and Guidelines, Ridgway Wetterhorn Homes, are a set of operational regulations adopted by RH and the HA and are amended from time to time that set out definitions, standards and procedures that further define and detail the Rural Homes: For Sale, For Locals Deed Restriction and Covenant, Ridgway Wetterhorn Homes and are to be applied to specific Housing Units.
- 1.35 **HEALTH CARE PERSONNEL** - any Full-time Employee, who is licensed or otherwise authorized by the State of Colorado to provide health care services and who is employed as such by a nonprofit institution within the Ouray County boundaries.
- 1.36 **HOME OCCUPATION** - any business conducted principally within a dwelling unit, an enclosed garage or accessory building, which is carried on by the inhabitants of the Housing Unit. Home Occupation does not include: an individual working at home that does not routinely conduct meetings in the home; does not have routine contact with employer, employee, consultant and/or client in the home; and does not conduct traditional sales or retail activities on the premise of their workplace; and/or does not place any identifying signs on the exterior of the workplace.
- 1.37 **HOUSEHOLD** - one or more persons who intend to live together in a Housing Unit as a single housekeeping entity.
- 1.38 **HOUSING AUTHORITY (HA)** - Housing Authority will have the responsibility to administer the Deed Restriction and Guidelines, including qualifying owners, enforcement, and making any exceptions. Each RH development will be assigned a HA within that jurisdiction. As used in these Guidelines, HA may also mean staff and the Board of Directors of the Housing Authority or its designee, as the context requires.
- 1.39 **HOUSING UNIT** - a residential unit that is subject to the Covenant and Guidelines and any additional covenants that run with the land.

- 1.40 IMMEDIATE FAMILY - the Qualified Employee and the spouse of the Qualified Employee and their siblings, the parents and/or offspring of the Qualified Employee and the spouse of the Qualified Employee, all of whom may be related either biologically, by marriage, by civil union and/or by legal adoption, and regardless of age. Immediate Family also includes: a minor child for whom the Qualified Employee or the spouse of the Qualified Employee becomes a legal guardian and a minor child for whom the Qualified Employee or the spouse of the Qualified Employee becomes a legal foster parent. Such children shall be treated as biological children and have the same Immediate Family status, regardless of age.
- 1.41 IMPROVED RESIDENTIAL PROPERTY - property that contains at least one (1) dwelling unit as defined in the applicable Land Use Code.
- 1.42 INCOME -
- a. Earned Income -
    - i. Income derived from one's own labor or through active participation on a regular, continuous, and substantial basis in a business and including retirement funds from deferred income earned from employment, Social Security benefits, alimony, and child support; and
    - ii. Net income derived from a business after reasonable deductions for expenses, depreciation, taxes, and similar allowances.
    - iii. For Qualified Elderly, retirement and/or pension income, regardless of origin, is considered Earned Income.
  - b. Household Income - combined Gross Income of all individuals in the Household.
  - c. Unearned Income - income derived from investments, rental property, trusts, inheritance, etc. and any other passive activity.
  - d. Gross Income - the total of all income from whatever source before deductions.
- 1.43 INCOME ELIGIBILITY TIER - the specification and limits of Household Income that applies to a particular Housing Unit.
- 1.44 INDIVIDUAL WITH A DISABILITY- has the same meaning as set forth in the federal "Americans with Disabilities Act of 1990", 42 U.S.C. sec. 12131, and its related amendments and implementing regulation, as amended, which currently defines a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." (see also, Mobility Disabled Person).
- 1.45 INITIAL SALES PRICE - the sale price for a Housing Unit that is recorded as the Original Purchase Price [OPP] of that Housing Unit at the time the original Deed Restriction for the Housing Unit is executed and recorded in the County Clerk and Recorder's Office.
- 1.46 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.



- 1.47 **LAND CONTRIBUTOR** - the entity that provided the land upon which the Rural Homes, For Sale, For Locals Project was built.
- 1.48 **LAND CONTRIBUTOR UNITS** - those deed-restricted properties that have been designated for purchase by the Land Contributor. A Land Contributor Unit is a Housing Unit.
- 1.49 **LANDLORD** - the owner of the Housing Unit, who, in an exchange for rent, leases the entire Housing Unit or a room in the Housing Unit to another individual known as the Tenant.
- 1.50 **LEASE** - a written agreement between an Owner/Landlord and a Tenant/Tenant Household that creates a Leasehold Interest.
- 1.51 **LEASEHOLD INTEREST** - a less than Fee Simple Estate that a Tenant possesses in real property.
- 1.52 **LEAVE OF ABSENCE** - an Exception from the requirement that a Qualified Household maintain the Housing Unit as its primary place of residence granted according to the Exception Procedure in Section 5.2.4.1.
- 1.53 **LIABILITIES** - the total amount owed to other persons including loans, liens, accounts payable, and other financial obligations as defined by generally accepted accounting practice.
- 1.54 **LONG-TERM RENTAL** - rental of a Housing Unit for any period of time equal to or greater than six consecutive months.
- 1.55 **LUXURY ITEMS** - are non-essential appliances, fixtures, or upgrades to a Housing Unit.
- 1.56 **MAXIMUM SALE PRICE (MSP)** - the maximum purchase price that can be paid by any purchaser of a Housing Unit. The MSP is not a guaranteed price, but merely the highest price an Owner may obtain for the sale of a Housing Unit. The Owner's MSP is determined as defined in Sections 5.8 and 8.2.3 and according to the Covenant covering the Housing Unit.
- 1.57 **MINIMUM WORK STANDARD** - in order to meet the Minimum Work Standard, a person must work 1,200 hours per year by working physically within the Ouray County boundaries no less than eight (8) of every twelve (12) months on a rolling twelve (12) month basis AND during the qualifying eight (8) months must work at least forty (40) hours per month.
- 1.58 **MOBILITY DISABLED PERSON** - a person who is an Individual with a Disability and who suffers from a long-term limitation in independent, purposeful physical movement of the body or of one or more extremities.
- 1.59 **MORTGAGEE** - any bank, savings and loan association, or any other institutional lender that is licensed to engage in the business of providing purchase money mortgage financing

for residential real property and that is the beneficiary of a deed of trust or the mortgagee under a mortgage encumbering the Housing Unit.

- 1.60 NET WORTH - the estimated sum of the assets of the Qualified Owner and/or Qualified Occupant and/or Qualified Household less liabilities, the term is synonymous with Net Assets.
- 1.61 NOTICE OF VIOLATION - a formal written notice from the HA or its Designee to a Housing Unit Owner, Occupant, or Tenant who may be in violation of provisions of the Deed Restriction for the Housing Unit or of the provisions of the Guidelines.
- 1.62 OCCUPANT - any person who occupies the Housing Unit as his or her Primary Residence but who has no ownership interest in the Housing Unit.
- 1.63 ORIGINAL PURCHASE PRICE (OPP) - the sale price for a Housing Unit that is recorded at the time the Covenant for the Housing Unit is executed and recorded in the County Clerk and Recorder's Office.
- 1.64 OWNER - individual(s) who has a legal right to the Housing Unit by deed, tenancy in common, joint tenancy, or tenancy in the entirety or other relationship; an individual who may have a proprietary interest in the Housing Unit, and may include any subsequent buyer, heir, devisee, transferee, grantee, or holder of title, or any portion of title, to the Housing Unit.
- 1.65 PURCHASE PRICE - all consideration paid by the Buyer to the Seller for a Housing Unit.
- 1.66 PREQUALIFICATION - a borrower's tentative written mortgage approval from a lender.
- 1.67 PRIMARY RESIDENCE - the sole and exclusive place of residence.
- 1.68 PRIORITY - the order in which Housing Units are offered to Applicant Households based on the applicable selection procedure (e.g., a lottery, waiting list). Priority is created by RH and the HA and not all Housing Units are subject to Priority.
- 1.69 PROPERTY - includes all real estate of any kind, improved or unimproved, including but not limited to land, commercial property, investment property, and residential property.
- 1.70 QUALIFICATION - the minimum standards of employment, residency and/or net assets that are applied to a Qualified Household according to the Covenant covering the Housing Unit and as defined in Sections 3 and 5.
- 1.71 QUALIFIED EMPLOYEE - an Employee who meets the Minimum Work Standard, is certified by the HA, and who maintains compliance pursuant to the Covenant and Guidelines.
- 1.72 QUALIFIED ENTITY OWNER - an Owner who is a Business Owner, Land Contributor, Local Government or Special District located in and serving the County, with a local workforce working in Ouray County, that has been certified as Qualified by the HA to own

a Housing Unit and who has agreed to the rental restrictions set forth in the Deed Restriction and these Guidelines.

- 1.73 **QUALIFIED HOUSEHOLD** - all Owners and Occupants who meet the requirements of Sections 3 and 5 who are certified by the HA to own and/or occupy the Housing Unit according to the terms and conditions of the Deed Restriction and Guidelines and who maintain compliance pursuant to the Covenant and Guidelines.
- 1.74 **QUALIFIED OCCUPANT** - a person who meets the requirements of Sections 3 and 5 to occupy the Housing Unit, who is certified by the HA, and who maintains compliance pursuant to the Covenant and Guidelines. Entity Owners shall not be considered Qualified Occupants.
- 1.75 **QUALIFIED OWNER** - a person who meets the requirements of Sections 3 and 5 at the time that they take initial ownership interest or transfer of interest in a Housing Unit, is certified by the HA, and who maintains compliance pursuant to the Covenant and Guidelines. Entity Owners may be considered Qualified Owners subject to the Covenant and Guidelines.
- 1.76 **RIGHT OF FIRST REFUSAL**: a provision in a lease or other agreement that gives a potentially interested party the right to buy a property before the seller negotiates any other offers.
- 1.77 **SALE** - a sale is the exchange of a Housing Unit for an agreed amount of money in a single transaction in which title to the Housing Unit is transferred to a new Qualified Household.
- 1.78 **SELF-EMPLOYED** - a person who carries on a trade or business as a sole proprietor or independent contractor who is working for oneself as a freelancer rather than for an employer including part-time business or a member of a partnership that carries on a trade or business.
- 1.79 **SELLER** - a person who owns and is selling a Housing Unit.
- 1.80 **SELLER'S LISTING CHECKLIST** - the list of items required to be in good order as defined in the "Minimum Standards" required for a sale at Maximum Sale Price (Section 6.8).
- 1.81 **SELLER'S PROPERTY DISCLOSURE** - the residential form approved by the Colorado Real Estate Commission and customarily required in transactions involving the purchase and sale of residential real estate in the State of Colorado.
- 1.82 **SCHOOL DISTRICT** – the Ridgway School District (R-2), the school district in which the Housing Unit is located.
- 1.83 **SCHOOL DISTRICT PERSONNEL** - any Full-time Employee, including independent contractors, of the Ridgway School District R-2 who provides health, educational, administrative, social, psychological, custodial, food service, transportation, law enforcement, or childcare services.

1.84 **SHORT-TERM RENTAL** - rental of a Housing Unit for any period of time less than thirty (30) consecutive days.

1.85 **SPECIAL DISTRICT**- is a quasi-municipal corporation and political subdivision of the State of Colorado formed to provide necessary public services that the county or municipality cannot otherwise provide. The formation and operation of a special district is governed by Title 32 of the Colorado Revised Statutes and other applicable laws.

1.86 **TENANT** - a person who has the temporary use and occupancy of real property owned by another subject to the Guidelines.

1.87 **TOWN** - the Town in which the Housing Unit is located.

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

1.89 **UNIMPROVED RESIDENTIAL PROPERTY** - vacant property, which is restricted solely to residential uses, and uses accessory thereto, as defined in the applicable Land Use Code.

## **2. PURPOSE AND APPLICABILITY**

The purpose of the Guidelines is to provide a comprehensive and consistent set of provisions that apply to housing created by Rural Homes: For Sale, For Locals and the Housing Authority.

Every sale or rental of a Housing Unit shall be subject to the Deed Restriction and Guidelines in effect at the time of sale or rental. Owners and Tenants are subject to the Guidelines in effect and as amended during their ownership or lease.

Violations of these Guidelines are violations of the Deed Restriction and are subject to the penalties adopted for such violations in addition to remedies provided herein.

These Guidelines are considered regulations in order to control and enforce the applicable RH Deed Restriction and have the force and effect of law and can be enforced by the Beneficiaries and the HA or its authorized agents and/or representatives. These rules have binding effect on all individuals and courts.

## **3. HOUSEHOLD QUALIFICATION and ELIGIBILITY**

A Qualified Owner or a Qualified Household must maintain its Qualification continuously as long as it owns, rents, or occupies the Housing Unit.

**3.1 Household Initial Qualification.** Qualified Owners and Qualified Households must meet each of the following requirements for initial purchase or occupancy as described below in the following sections:

- 3.1.1** Minimum Work Standard
- 3.1.2** Earned Income Standard
- 3.1.3** Residency Standard
- 3.1.4** Property Ownership Standard
- 3.1.5** Net Assets Standard

### **3.1.1 Minimum Work Standard.**

3.1.1.1 Qualified Employee. At least one member of the Household who is an Owner shall be a Qualified Employee who must demonstrate and verify 1,200 hours of employment physically performed in the Ouray County boundaries for a minimum of forty (40) hours per month for at least eight (8) of the previous twelve (12) months immediately prior to submission of an application or provide verifiable intent to physically perform 1,200 hours of work in the Ouray County boundaries within twelve (12) months of application at a minimum of forty (40) hours per month for eight (8) of the next twelve (12) months.

3.1.1.2 Exemptions. Those who have been determined by HA to be Qualified Elderly or Qualified Individual with a Disability as defined below, prior to application for ownership or rental, as well as Immediate Family and Dependents of a Qualified Employee are exempt from the required employment hours.

3.1.1.2.a Qualified Individual with a Disability – Those persons with a disability may apply to be Qualified Individual with a Disability by providing a verifiable history of employment meeting the Minimum Work Standard on a rolling twelve (12) month basis for at least five (5) of the seven (7) years within the County immediately prior to application for Qualified Individual with a Disability as defined. Note: Persons with a disability who cannot meet this exemption standard may request an Exception under §11.1.3

3.1.1.2.b Qualified Elderly – Those who are 65 years or older may apply to be Qualified Elderly by providing a verifiable history of employment meeting the Minimum Work Standard on a rolling twelve (12) month basis for at least five (5) of the seven (7) years within the County, immediately prior to application for Qualified Elderly as defined.

3.1.1.3 Exception. Employees who are employed by a business located in the Ouray County boundaries with a workforce physically located within the Ouray County boundaries and who are required to perform tasks outside the Ouray County boundaries, may apply for an Administrative Exception to the “physically performed” requirement, §1.1.1 above.

### **3.1.2 Earned Income Standard.**

3.1.2.1 Total Household Earned Income must be at least 75% of the total Household Income. Unearned Income cannot exceed 25% of total Household Income.

3.1.2.2 Households must qualify for the AMI standard associated with the Housing Unit and show proof of Income not to exceed the income range allowed for the Housing Unit.

3.1.2.2a For purposes of Initial Qualification under this standard for Applicants who do meet the local Minimum Work Standard, the HA shall examine historical data. Historical data is a hybrid of previous year's tax returns and current year-to-date employer payment information that creates a total income for the twelve-month period immediately prior to the application submittal. All other income received or earned in the same twelve-month period is included in the income total.

3.1.2.2.b For purposes of Initial Qualification under this standard for Applicants who do **not** meet the local Minimum Work Standard and who provide verifiable intent to work, the HA shall use prospective information and income related to the applicant's employment in Ouray County going forward. The start date of the “intent to work” shall begin the twelve-month period of analysis, including anticipated income from all sources.

3.1.2.3 Applicant representations of Gross Income are subject to verification and evaluation of reasonableness by HA.

3.1.2.4 The following are exempt from the Earned Income Standard:

3.1.2.4.a Those who are Qualified Individual with a Disability per the provisions of Section 3.1.1.2.a; and

3.1.2.4.b. Those who are Qualified Elderly per the provisions of Section 3.1.1.2.b.

**3.1.3 Residency Standard.** Applicants purchasing a Housing Unit are not subject to a prior residency requirement but must intend to, and in fact, occupy the Housing Unit as their sole and Primary Residence.

**3.1.4 Property Ownership Standard.**

3.1.4.1 At the time of application, a Household may own other improved or unimproved residential or commercial property, however, Applicant must enter into an Intent to Sell Agreement for all Improved Residential Property located within a one-hundred and fifty (150) mile radius from the Housing Unit. Further all Improved Residential Property must be listed for sale within seven days of taking title to the Housing Unit and sold for fair market value within one year of taking title to the Housing Unit.

3.1.4.2 Households that desire to acquire Improved Residential Property located within a one-hundred and fifty (150) mile radius from the Housing Unit after taking ownership of a Housing Unit must apply for and be granted an Exception prior to taking ownership of the additional property.

3.1.4.3 Households that desire to retain Improved Residential Property located within a one-hundred and fifty (150) mile radius from the Housing Unit after taking ownership of a Housing Unit must apply for and be granted an Exception before purchasing the Housing Unit.

**3.1.5 Net Assets Standard.**

3.1.5.1 Total Household Net Assets shall not exceed three (3) times the Original Purchase Price (“OPP”) of the Housing Unit. All Household members’ shares of business assets, including real estate, shall be included in determination of the Household Net Assets.

3.1.5.2 Disposition of Assets. Any member of a Household who has assigned, conveyed, transferred, or otherwise disposed of property or other assets within the last two (2) years without fair consideration in order to meet the net asset limitation or the property ownership limitation shall be ineligible to purchase a Housing Unit.

**3.2. Household Eligibility Criteria.**

**3.2.1 Income Eligibility Tiers.** Households must meet Income Eligibility Tiers in addition to the Household Initial Qualification criteria. Eligibility criteria may differ between units that are targeted to different Tiers, as defined in Appendix A, and as designated in the Covenant.

The existence of more than one Eligibility Tier does not guarantee that the HA will construct or otherwise make available housing in that Tier.

**3.2.2 Household Size.** The total number of people in a Household shall not be less than the following Minimum Household Sizes or exceed the Maximum Household Sizes:

Unit Type:*	Minimum Household Size:	Maximum Household Size
Studio/1 Bedroom	1 person	3 persons
2 Bedroom	1 person	4 persons
3 Bedroom	2 persons	6 persons
4 Bedroom	3 persons	8 persons

\*this chart does not guarantee houses will be built or available in all listed types.

3.2.2.a If Declarant’s Household Size falls below the minimum size required, Declarant shall rent a room to a Qualified Tenant pursuant to the Covenant and Guidelines.

**3.3 Qualified Entity Owners.** Qualified Entity Owners shall be exempt from the Initial Qualification Standards and Eligibility Criteria. Tenants of all Qualified Entity Owner Housing Units shall meet the requirements above as required by Section 7, below.

**4. INITIAL HOUSEHOLD APPLICATION PROCESS**

**4.1 Application Process.** Applications for qualification shall be made to HA. HA may request any combination of documentation reasonably related to proof of income, assets, and employment. Household shall sign a release of information so that HA may obtain such information. HA will require a sworn statement of the facts contained in the application including at least the following certifications:

**4.1.1** That the facts contained in the application are true and correct to the best of the Applicant’s knowledge; that the Applicant has been given the standard application information packet by HA; and



**4.1.2** That the Applicant, on the basis of the application presented, believes that the Household qualifies to occupy the Housing Unit in question according to the Deed Restriction, these Guidelines and all other applicable procedures, rules, and regulations.

**4.1.3** Any material misstatement of fact or deliberate fraud by the Household in connection with any information supplied to HA shall be cause for immediate expulsion from the application process and/or forced sale or vacation of the Housing Unit.

**4.1.4 Qualified Entity Owners.** Qualified Entity Owners shall have a streamlined application process which may vary among entity type.

**4.2 Homeowners Associations.** The Housing Unit is not currently subject to a homeowner's association ("HOA"). However, HOAs and related dues are authorized in Colorado under Colorado Revised Statutes §38-33.3-101 et seq. If an HOA is formed and applicable, all Owners of Housing Units are required to timely remit payment of HOA dues. It is the Household's responsibility to be aware of any HOA dues or interest charges.

## **5. CONTINUING HOUSEHOLD QUALIFICATION AND COMPLIANCE VERIFICATION**

**5.1 Maintaining Qualified Household Status.** HA requires Households, including all occupants of Housing Units, to maintain Qualified Household status on an on-going basis.

**5.1.1 Changes to Households.** Changes to Qualified Households impact ongoing qualifications and may jeopardize qualification, such as a pending separation or divorce, the death of a Household member, or departure of a Household member, and the addition of Immediate Family members. All changes to the Household shall be reported to HA within thirty (30) days of said change. HA will make every effort to maintain stable housing for Households in transition but shall require the Household to come into compliance within a reasonable period prior to issuing a Notice of Violation.

**5.1.2 Compliance Checks.** In order to verify compliance with Deed Restrictions and the Guidelines, HA will conduct regular Compliance Checks and may initiate them to investigate complaints or reports of non-compliance. Any on-site Housing Unit inspection is subject to a twenty-four (24) hour notice requirement.

**5.1.3 Verification of Qualification.** HA shall require Households to verify that they remain a Qualified Household within twenty-one (21) days of a written notice of Compliance Check or a penalty will be assessed (see Appendix E). A sworn statement of the facts required for maintaining Qualified Status shall be required as detailed in Section 4 for initial Compliance Check submissions.

**5.2 Qualified Household Continuing Requirements.** Verification of the following shall be required:

**5.2.1 Continuing Minimum Work Standard.**

5.2.1.1 At least one member of the Household must be a Qualified Employee who meets the Minimum Work Standards.

5.2.1.2 Qualified Elderly, Qualified Individual with a Disability and Immediate Family of Qualified Employees are exempt from the continuing Minimum Work Standard.

**5.2.2 Continuing Earned Income Standard.**

5.2.2.1 Household shall meet the Earned Income Standard, Section 3.1.2.1.

**5.2.3 Continuing Net Income Standard.**

5.2.3.1 Household Net Income shall not be considered for ongoing qualification for Owners.

5.2.3.2 Tenant Households shall continue to meet the Earned Income Eligibility Tier as designated by Appendix A.

**5.2.4 Continuing Residency Standard.** Qualified Households shall occupy the Housing Unit for at least eight (8) of every twelve (12) months on a rolling twelve (12) month basis.

5.2.4.1 Leave of Absence. In the event a Household wishes to not occupy the unit for more than four (4) months, the Household may apply to HA for a Leave of Absence for a term not to exceed two (2) years. The Household must provide clear and convincing evidence showing both a bona fide reason for leaving and a commitment to re-occupy the Housing Unit. HA shall condition the granting of the Leave of Absence on the Household offering the Housing Unit for rent to a Qualified Household, during the period of the requested leave. HA may include conditions on the Leave of Absence, as it deems necessary. Applications for a Leave of Absence shall be made to HA according to the Exceptions Procedure in Section 11.1. Short-term rental of Housing Units is otherwise prohibited.

**5.2.5 Ownership of Improved Residential Property.** Household is prohibited from ownership of other Improved Residential Property located within a one-hundred and fifty (150) mile radius from the Housing Unit unless the HA approves an Exception, see Section 11.1.

**5.2.6 Household Net Assets.** Household Net Assets shall not exceed three (3) times the Initial Sales Price of the Unit.

**5.2.7 Household Size.** Minimum and Maximum Household Size are on-going requirements. See Section 3.2.2, above.

**5.3 Qualified Entity Owners.** Qualified Entity Owners shall be subject to verification of Qualification of Entity Status. Tenants of all Qualified Entity Owner Housing Units shall meet all continuing requirements of the Covenant and Guidelines. Failure to do either or both is a material breach of the Covenant.

## 6. SALE AND RESALE OF HOUSING UNITS

The initial sale of all Housing Units shall be in accordance with applicable lottery, wait list or other selection procedures as determined by the HA.

### 6.1 Notification Required.

**6.1.1** Written notice to HA shall be required for any pending change in financing or ownership of a Housing Unit. Failure to timely notify HA is considered a serious breach of the Deed Restriction and violation of the Guidelines and shall be subject to a Notification Required Penalty (see Appendix E) for each day the failure to notify persists.

**6.1.2** Notice of Intent to Sell a Housing Unit must be given at least sixty (60) days prior to the sale of the unit on notice forms available from HA.

**6.1.3** Notice of transfer of any interest in a Housing Unit must be given at least thirty (30) days prior to the transfer and will require the execution of a new Deed Restriction.

**6.1.4** Notice of refinancing of a Housing Unit must be given at least thirty (30) days prior to closing of the loan.

**6.2** Consult with HA. Sellers are advised to consult with HA prior to offering a Housing Unit for sale, in order to obtain the most current information about applicable Guidelines and processes, and to verify the Maximum Sale Price and other applicable provisions of the Deed Restriction concerning the Sale.

**6.3** Independent Legal Counsel. All Sellers and Buyers of Housing Units are advised to consult independent legal counsel regarding the examination of title and all contracts, agreements, and title documents. The retention of such counsel, or related services, shall be at Buyer's and Seller's own expense.

**6.4** Title Company. HA advises Buyers to use a local title company and escrow agent with experience in closings of Housing Units to close the sale transaction. The title documents involved in the closing of Housing Units are unique and technical. Mistakes in the closing documents are easily made and difficult to correct. Seller shall authorize HA to review the conveyance documents prior to closing.

**6.5** Sales Fee. After the initial sale, at the closing of the sale, the Buyer, will pay to HA a fee equal to 1% of the sales price. HA may instruct the title company to pay such fees out of the funds held in escrow at closing. The sales fee is waived for the sale from the developer to the first purchaser. HA may also waive the fee, or a portion thereof, in its sole discretion, to promote affordable housing. Fees due to HA shall be paid regardless of any action or services that the Buyer or Seller may undertake or acquire.

**6.6 Beneficiaries with the Right to Acquire Ownership.** Upon Owner’s Notice of Intent to Sell, or upon exercise of Notice of Election to Require Sale as defined in the Covenant, Section 10.3, or if an Owner receives any offer to purchase or tenders any offer of sale for the Housing Unit either of the Beneficiaries, or their successors, shall be notified within five (5) days of such event and have the Right of First Refusal to purchase the Housing Unit for the Maximum Sale Price or at the offered sales price outlined in the Covenant, Section 7.3.

**6.7 Resale Options.** Sellers of Housing Units have the following options for advertisement and marketing of their units:

**6.7.1** Seller may advertise, market, and sell a Unit directly, or list the Unit with a real estate broker licensed to do business in the State of Colorado provided that:

6.7.1.1 The Buyer meets the Qualified Household requirements of Section 3; and

6.7.1.2 In all events the HA will assist the Seller as it is able.

**6.8 Maximum Sales Price.**

**6.8.1 Maximum Sale Price as Only Exchange of Value.** The Maximum Sale Price of the Housing Unit shall be calculated according to its Deed Restriction. In no case shall any Housing Unit be sold for more than the Maximum Sale Price. The contracted sale price shall be the only exchange of value between parties to any sale of the Housing Unit. Both Buyer and Seller must execute a sworn statement affirming that the contracted sale price is the only exchange of value in the sale. Any exchange of value outside the contract sale price shall invalidate the sale in addition to being a violation of applicable provisions of Colorado law that provide for additional civil and criminal remedies.

**6.8.2 Minimum Standards for Maximum Sale Price.** The Owner, Buyer and HA should work together in addressing repairs necessary to bring a Housing Unit to Minimum Standards for Maximum Sale Price. Owners and Buyers shall use the following checklist of Minimum Standards for a sale at Maximum Sale Price (Seller’s Listing Checklist), including but not limited to:

- Clean, odor-free interior;
- Carpets steam-cleaned within seven (7) days of closing;
- Surface scratches, marks, holes in doors, floors, walls, woodwork, cabinets, counter tops, other than normal wear and tear, repaired;
- Walls in good repair and paint-ready;
- Windows and window locks in good repair;
- Broken windowpanes replaced;
- Window screens in place and in good repair;
- Doors and door locks in good repair; keys for all locks must be delivered at closing;
- Light fixtures, outlets, switches secure and in working order;

- Plumbing in good repair with no leaks;
- Tile grout in good repair and clean;
- Roof in good repair with no leaks (if home is a single-family) including an expected remaining life of ten years; and
- Safety hazards resolved.

## **6.9 Mitigation of Repairs.**

**6.9.1** HA shall conduct a walk-through of the Housing Unit for purposes of verifying the Seller's Listing Checklist and identifying necessary repairs pursuant to Section 6.8. The Seller shall make identified repairs to bring the unit to Minimum Standards for Maximum Sale Price prior to closing.

**6.9.2** If a unit does not meet the Minimum Standards, HA may, at its discretion, require:

- 6.9.2.1 That the cost of necessary repairs be deducted from the closing sale price; or
- 6.9.2.2 That a credit be required from the Seller to the Buyer; or
- 6.9.2.3 That the Seller places into escrow the funds necessary to ensure satisfactory repairs, the balance of which, after necessary repairs, shall be returned to the Seller.

**6.9.3** Buyer is strongly encouraged to hire, at its own expense, a licensed inspector to conduct a thorough inspection of the Housing Unit.

## **6.10. Disclosure of Relevant Contracts and Information.**

**6.10.1** Both Buyer and Seller of any Housing Unit must sign a release of information allowing HA to obtain copies of all documents relevant to the sale and must disclose all relevant information known to them. All financial information shall remain confidential except as noted in Section 12.1.

**6.10.2** Relevant documents include but are not limited to:

- 6.10.2.1 The sales contract for the Housing Unit;
- 6.10.2.2 The Buyer's application for financing and related documentation; and
- 6.10.2.3 Title and escrow documents related to the sale.

**6.10.3** Sellers must inform Buyers of any proposed or pending increases in homeowner association dues, as well as any proposed or pending assessments, if any.

**6.11 Permitted Capital Improvements.** Permitted Capital Improvements, as defined in Section 1.9 provide a long-term upgrade or improvement to the Housing Unit. Permitted Capital Improvements shall NOT include luxury items, upgrades for esthetic or personal preference, landscaping, or cost associated with ordinary repair, replacement, and maintenance.

Ordinary Repair and Maintenance including roof repair and replacement, siding repair and replacement, driveway repair and replacement, and other similar maintenance cost are not

considered Capital Improvements. Labor costs provided by the Owner may be authorized for up to 50% of the Permitted Capital Improvements upon approval by the HA.

It is the Owner's responsibility to secure any approval necessary from the Housing Unit's homeowners association and HA prior to undertaking any Capital Improvements.

**6.11.1 ADUs and Capital Improvements.** The new construction of an ADU, where permissible, will not be included in the Capital Improvement calculation for the Housing Unit. It will, however, impact the MSP based on criteria established by the HA.

## **7. RENTAL PROCEDURES**

There are two types of Rental Procedures. One for the rental of the entire Housing Unit and one for a partial rental.

### **7.1 Entire Housing Unit.**

**7.1.1 Owner Occupied Units:** Owners of Housing Units may, in some instances, be permitted to rent their entire Housing Unit. Households interested in renting the entire Housing Unit shall apply to and be qualified by the HA under the standards delineated in Section 3. HOUSEHOLD QUALIFICATION, ELIGIBILITY AND PRIORITY.

**7.1.2 Qualified Entity Owner Units:** Qualified Entity Owners are required to rent their Housing Units and all applicants interested in renting the Housing Unit shall apply to and be qualified by the HA under the standards delineated in Section 3. HOUSEHOLD QUALIFICATION, ELIGIBILITY AND PRIORITY. Qualified Entity Owners must fulfill the Minimum Household Size and not exceed the Maximum Household Size (Section 3.2.2 Chart). Qualified Entity Owners may rent to unrelated/non-Household applicants and treat each as a separate Household for purposes of qualification as described in 7.2 Room Rental, below.

**7.1.3** All other rules and regulations apply to Qualified Entity Owners Housing Units.

**7.2 Room Rental.** For purposes of qualification for room rental in an Owner-occupied Unit, each room rental shall be considered independently, and Tenant Household's income and assets shall not be included in the Owner's Household for income and asset qualification purposes. However, rental income shall be considered Unearned Income for the Owner/Landlord.

Tenant Household requirements for room rentals:

**7.2.1** At least one member of the Tenant Household, who is not part of the Immediate Family of the Owner, must be a Qualified Employee; and

**7.2.2** Tenant Households shall meet the Minimum Work, Earned Income, Residency, Property Ownership and Net Assets Standards; and

**7.2.3** Tenant household Income Eligibility shall be determined by the Housing Unit's Income Eligibility Tier (see Appendix A) at time of initial tenancy.

**7.3 General Provisions for all Rentals.** In this section, Tenant refers to Households that rent an entire Unit and Tenant Households renting a room in a Unit.

**7.3.1** Tenant shall meet the Income Eligibility Criteria designated by the Housing Unit's Income Eligibility Tier (see Appendix A).

**7.3.2** Maximum Rental Rate per Housing Unit is set by the HA and shall not exceed the rental rate for the same number of bedrooms designated by the Housing Unit's Income Eligibility Tier (see Appendix A).

**7.3.3** Maximum Rental Rate per room is set by the HA and shall not exceed studio/one-bedroom rental rate designated by the Housing Unit's Income Eligibility Tier (see Appendix A).

**7.3.4** Tenant Qualification shall be certified by HA prior to tenancy and/or the signing of a Lease.

**7.3.5** Tenant Qualification shall be recertified by HA yearly at Lease renewal and any time there is a change in Household/Tenant Household.

**7.3.6** Landlords must obtain proof of qualification from Tenant prior to occupancy.

**7.3.7** Rental of Housing Units must be memorialized by a written Lease.

**7.3.8** Leases must be for a minimum of six months with a maximum of twelve months.

**7.3.9** Landlords shall provide a copy of the fully executed Lease with Tenant to HA within seven (7) days of its execution.

**7.3.10** Executed copies of Leases shall be on file with HA at all times during the period in which rental of the Housing Unit is required or has been approved.

**7.3.11** A sublease to a Qualified Employee is allowed upon approval of the Owner and of HA.

## **8. DEED RESTRICTION COVENANT**

**8.1** **Deed Restriction Applied with Each Transfer.** A Deed Restriction shall be applied prior to or concurrent with each Sale or Transfer of a Housing Unit. Original executed and recorded documents will be maintained by HA. Provisions herein further defining the Deed Restriction are a summary of significant policies and should not be considered the complete authority. Sellers and Buyers are advised to consult the Deed Restriction for the Housing Unit for complete specific language, which is the final authority for that Housing Unit.

### **8.2** **Specifications of the Deed Restriction.**

**8.2.1** **The Original Purchase Price ("OPP").** Each Housing Unit Sale generates a new OPP and necessitates execution of a new Deed Restriction.

**8.2.1 The designated Income Eligibility Tier for the Housing Unit.**

**8.2.3 The method of calculation of the allowed Maximum Sale Price (“MSP”).**

MSP shall be the OPP specified in the Deed Restriction plus an increase in price of three percent (3%) per year from the date of purchase to the date of Owner’s Notice of Intent to Sell (compounded annually and prorated at the rate of .25 percent per each whole month of any part of a year);

PLUS, the costs of any public improvements for which assessments were imposed by a government entity since the recording date of the Deed Restriction; PLUS, the costs of Permitted Capital Improvements, not to exceed ten percent (10%) of the OPP, provided that:

8.2.3.1 Improvements are pre-approved by HA prior to commencement of any work or installation to be considered in the calculation of the MSP.

8.2.3.2 Proof of homeowner’s association approval, if any, must be provided to HA prior to commencement of work.

8.2.3.3 Improvements must be properly permitted and inspected by the Town or County Building Official, if applicable.

8.2.3.4 LESS the Depreciation on Permitted Capital Improvements; PLUS, any other reasonable costs allowed by HA pursuant to Guidelines in effect on the date of Owner’s Notice of Intent to Sell.

**8.3 Home Occupations.** The Housing Unit may be used in a Home Occupation if:

**8.3.1** Home Occupation complies with applicable land use regulations;

**8.3.2** HOA approval of the specific Home Occupation, if applicable;

**8.3.3** The business holds a current business license, if applicable; and

**8.3.4** The business holds current sales and excise tax licenses, if applicable.

**8.4 No Guarantee of MSP.** Neither HA nor the Beneficiaries make any guarantees of the owner’s ability to sell the housing unit for its MSP or rent the housing unit for its maximum rental rate.

**8.5 Violation of Deed Restriction.** Violation of any of the covenants, conditions and terms of the Deed Restriction shall also be a violation of these Guidelines whether or not a corollary provision exists.

**8.6 Deed Restriction Binding.** The Deed Restriction shall be binding on all Owners, successors and assigns including any holder of a deed in lieu of foreclosure.

**8.7 Recording of Deed Restriction.** The Deed Restriction and any amendments thereto must be recorded in the property records of the County. The original executed and recorded documents must be delivered to HA.



**8.8 Deed Restrictions may not be transferred off the Housing Unit.**

**8.9 All Deed Restrictions must be prepared by HA.** No modification or amendment to the Deed Restriction shall be effective unless agreed to in writing by HA and other Parties.

**9. LENDERS AND LOANS**

**9.1 Purpose.** RH intends to meet the following goals in the facilitation of individual mortgage financing for Housing Units:

- 9.1.1** Protect the public investment and regulatory integrity of RH in the short and long term;
- 9.1.2** Minimize financial and other risks to HA and RH by prohibiting excessive debt or other obligations from being secured by Housing Units;
- 9.1.3** Minimize the chance that Owners will create a financial risk for HA through creation of debt or other secured obligations against their Housing Unit; and
- 9.1.4** Increase the potential financing opportunities for Applicants and Owners.

**9.2 Lenders and Mortgages.** Borrowers are restricted to either conventional or government guaranteed mortgages with a fixed rate from commercial banking and lending institutions authorized to engage in mortgage lending practices in the State of Colorado. All other mortgages will require an Exception from HA prior to purchase of a Housing Unit.

**9.3 Total Debt.** Prior to and continuing after closing on a Housing Unit, Owners shall not incur debt, judgments, liens, or other obligations secured by the Housing Unit and in no event shall any obligation secured by the Housing Unit exceed the total Original Purchase Price of the unit. This limitation shall apply also to any refinance of existing debt secured by the Housing Unit. Owners must notify HA prior to finalizing any refinancing of the Housing Unit. Failure to notify HA shall be subject to a penalty (see Appendix E).

**9.4 Co-Borrower or Co-Signor.** Co-borrowers or Co-signors who are not part of the Qualified Household must apply and be approved through the Exception Procedure (Section 11). Approved Co-borrowers and Co-signors shall be required to sign a separate agreement to sell the Housing Unit in the event the Qualified Owner becomes an Unqualified Owner, is in default under its Deed Restriction or the Guidelines or is otherwise required to sell the Housing Unit. Such Co-signors and co-borrowers shall not occupy the Housing Unit unless qualified by HA.

**10. OWNERSHIP LOTTERIES**

The purpose of these Lotteries is to create a fair and orderly process for offering Units for sale to qualifying Households and give purchase priority to those identified in the Lottery Point System Criteria, Appendix C.

## **10.1 Ownership Lottery Procedure.**

**10.1.1** HA shall establish a procedure for ownership lotteries for initial sales of RH as subject to these Guidelines and may establish ownership lotteries for subsequent sales as necessary.

**10.1.2** HA shall open an ownership lottery as follows:

10.1.2.1 Notice of the date, time, and location at which applications will be taken shall be published as a Legal Notice in a newspaper of general circulation in the region. Such notice shall be published at least twenty-one (21) days prior to the close of the application period, which application period shall be a minimum of fourteen (14) days.

10.1.2.2 Application and information materials shall be available at the time of publication of the Legal Notice at locations and web sites announced in the Notice.

### **10.1.3 Lottery Application Process and Applicant Responsibilities.**

10.1.3.1 Complete lottery application.

10.1.3.2 Households interested in purchasing a Housing Unit must submit an application to the HA, or its designee. All members of a Household over eighteen years of age must submit the required information necessary to determine qualification and eligibility.

10.1.3.3 A Household must submit a letter from a mortgage lender, stating the Household's ability to pre-qualify for a mortgage.

10.1.3.4 In order to participate in a lottery, Households must sign the sworn statement described in Section 4.

10.1.3.5 If a Household cannot sign the sworn statement, or if a Household does not provide HA with information required to process the application, then it will not be eligible to be entered into the lottery.

10.1.3.6 HA shall rely on the sworn statement of the Applicant as to the completeness and accuracy of the application for the purpose of determining eligibility to participate in a lottery.

## **10.2 Lottery Order.**

**10.2.1** HA shall only accept lottery applications during the time period specified in the Legal Notice. Mailed applications shall be considered received in the proper time period if postmarked at least two (2) days prior to the last day of the application period and

received within two (2) business days after the application period closes. HA shall not be responsible for delays in the delivery of mail beyond two (2) business days after the application period closes. Incomplete applications shall not be processed for qualification.

**10.2.2** The lottery shall be executed in two rounds; First Round for all Applicants who qualify without an Exception and Second Round for all Applicants who have requested and received an Exception(s).

**10.2.3** All Applicants deemed Qualified Households shall automatically qualify for entry in the lottery and placed in First Round. Any household lacking one or more of the Qualification and Eligibility Criteria will be placed on a separate list for unqualified Applicants (as further explained in Section 10.3.3.6) and placed in Second Round.

10.2.2.1 Exception requests submitted pursuant to Section 9.2 (Lending) shall not preclude Applicant from classification as a Qualified Household for purposes of the Lottery.

**10.2.4** Qualified Applicants shall qualify for additional entries in the lottery according to the criteria as outlined in Appendix C or according to criteria established by RH.

**10.2.5** The Lottery Point System Criteria may be modified as necessary by HA.

**10.3 Lotteries are subject to the following guidelines:**

**10.3.1** A lottery must be conducted in a duly noticed public meeting of the HA.

**10.3.2** An independent County resident with no direct stake in the lottery outcome shall be invited to draw the Applicant names.

**10.3.3** Once an Applicant's name is drawn, any further instances of that Applicant's name drawn are recorded but ignored in establishing the order of Applicants.

**10.3.4** The results of the lottery shall be posted and certified by the resident drawing the names as soon as practically possible after the drawing.

**10.3.5** The order in which Applicant names are drawn in the lottery shall determine the order in which Applicants are contacted to purchase the Housing Units offered in the lottery and for which they qualify (except for handicapped-accessible units as noted in Section 10.3.3.7).

**10.3.6** These procedures will also be followed to establish the order of the unqualified Applicants. Unqualified Applicants will not be offered a Unit until all Qualified Applicants have been offered a Unit to purchase based on their preference, AMI designation and availability of Units. In addition, prior to being offered a Unit, the unqualified Applicant must have been provided an Exception per Section 11.1. These Applicants shall be placed in an "unqualified pool" for the Second Round lottery and

shall be selected following the Qualified Applicants according to Sections 10.3.1- 10.3.5, above.

**10.3.7** First priority for ADA handicapped accessible units shall be given to Mobility Disabled Households that submit a lottery application based on the lottery order of all Mobility Disabled Households. If there are no Mobility Disabled Households that submit a lottery application for an available handicapped accessible Unit, the Unit will be available for purchase based on the lottery order by all lottery Applicants who are Qualified Households.

**10.3.8** Any material misstatement of fact or deliberate fraud by the Household in connection with any information supplied by the Household to the HA shall be cause for disqualification from lottery, fined pursuant to the Schedule of Violations and Fines and the Household will be prohibited from reapplying for any future ownership lottery for one year.

## **11. EXCEPTIONS, APPEALS AND GRIEVANCES.**

All applications for Exceptions and Appeals and all Grievances shall be reviewed on a case-by-case basis as provided for as follows.

### **11.1. Request for Exception.**

**11.1.1** Request must be presented in writing to HA on forms available from HA, and must include a fully completed Request for Exception Form, including:

11.1.1.1 The particular ground(s) upon which the Exception is based; and

11.1.1.2 The action or remedy requested; and

11.1.1.3 The name, mailing and electronic addresses and telephone number of the exception Applicant and similar information of exception Applicant's representative, if any; and

11.1.1.4 Proof of notification of the Exception request to the Housing Unit's homeowner's association, if applicable; and,

11.1.1.5 Exception fee (see Appendix E).

**11.1.2 Process.** All requests for Exceptions will be reviewed by HA for completeness and handled administratively ("Administrative Exceptions") or forwarded to the HA Board for consideration at a public hearing.

11.1.2.1 Prior to consideration, HA shall prepare a written report analyzing the impact of the Exception on the Housing Program. HA shall distribute a copy of the report to the Applicant requesting the Exception and shall make the report available to the public.

**11.1.3 Standards for Review of Exception Applications.** Exception Applicants desiring an Exception must demonstrate, and the HA must find:

11.1.3.1 That the Exception meets the general RH policy goals; and

11.1.3.2 That the Exception meets one or more of the following review standards:

11.1.3.2.a Promotes greater affordability through decreasing the long-term operating and maintenance costs of the Housing Unit in question; enabling the Exception Applicant to take advantage of a financing opportunity that would not be available without the Exception; and/or, protecting the long-term affordability of the Housing Unit through a price control or other similar means.

11.1.3.2.b Promotes or recognizes the long-term commitment of the Exception Applicant to residency, employment, and community involvement within the County in which the Housing Unit is located or provides housing for a critical community need.

11.1.3.2.c Provides increased livability or durability in materials, finishes, fixtures or appliances or useful increased square footage (which shall not include “luxuries”).

11.1.3.2.d Creates living space for an additional member of the Household while maintaining the Income Tier for the Housing Unit

11.1.3.2.e Enables a Household to own and occupy a Housing Unit more suitable to the Household’s needs; or

11.1.3.2.f. Enables the Household to respond to life circumstances that arise beyond the reasonable control of the Household (such as need to care for an Elderly or Household member who is Individual with a Disability).

**11.1.4 Exceptions shall not be granted:**

11.1.4.1 To Applicants who have been issued a Notice of Violation and who remain in violation of provisions of applicable Deed Restriction or of the Guidelines.

11.1.4.2 To an Unqualified Household to purchase a Housing Unit if there is a Qualified Household that can purchase the same Housing Unit. However, if the Owner has shown a bona fide advertisement effort which shall be no less than forty-five (45) days in duration and no Qualified Household presents itself, an Exception may be considered for the Unqualified Household.

11.1.4.3 To increase the total debt against the Housing Unit in excess of the OPP.

11.1.4.4 To Households whose Net Assets exceed three times the Maximum Sales Price of the Housing Unit.

11.1.4.5 To Households whose income is in excess of 120% AMI.

## **11.2. Appeal Procedure.**

**11.2.1 Appeal Form & Process:** Any Appeal must be presented in writing to HA on forms available from HA and within twenty-one (21) days of the decision or determination being appealed.

### **11.2.2 Appeals must include:**

11.2.2.1 Verification that appellant has fully completed the application process; and

11.2.2.2 The particular ground(s) upon which the Appeal is based; and

11.2.2.3 The action or remedy requested; and

11.2.2.4 The name, address, telephone number of the appellant and similar information of appellant's representative, if any; and

11.2.2.5 Proof of notification of the Appeal request to the Housing Unit's homeowner's association, if applicable; and

11.2.2.6 Appeal fee (see Appendix E).

### **11.2.3 Process.**

11.2.3.1 Time Deadlines: All Appeals will be reviewed by HA for completeness and forwarded to the HA Board within twenty-one (21) days from receipt of complete Appeal packet. The HA Board shall address the Appeal at the next scheduled board meeting.

#### **11.2.3.2 Rights of Parties.**

11.2.3.2.a The appellant shall be afforded a fair hearing before the HA, providing the basic safeguards of due process, including notice and an opportunity to be heard in a timely, reasonable manner.

11.2.3.2.b The HA Board may continue the hearing to a future date.

11.2.3.2.c The appellant and HA shall have the opportunity to examine all documents, records and regulations of HA that are relevant to the hearing.

11.2.3.2.d Appellant shall be responsible for all photocopying expenses.

11.2.3.2.e Any document not made available after written request may not be relied upon at the hearing. Appellant has the right to be represented by counsel.

11.2.3.2.f If the appellant fails to appear at the hearing, the HA Board may make a determination to postpone the hearing or make a determination based upon the evidence submitted.

11.2.2.3 Hearing Process.

11.2.2.3.a The hearing shall be conducted by a designated member of the HA Board, the “Hearing Officer”.

11.2.2.3.b The hearing shall be recorded.

11.2.2.3.c Oral or documentary evidence may be received without strict compliance with the Colorado Rules of Evidence.

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

11.2.2.3.e Based on the hearing, the HA will provide a written decision with findings for a final determination.

11.2.2.4 Binding Determination. The final determination of the HA Board shall be binding, and HA shall take all actions necessary to carry out the decision.

### **11.3 Grievance Procedure.**

#### **11.3.1 Any grievance must be presented in writing to HA and include:**

11.3.1.1 The particular ground(s) upon which the grievance is based;

11.3.1.2 The action or remedy requested;

11.3.1.3 The name, address, telephone number of the complainant and similar information of complainant’s representative, if any; and

11.3.1.4 Grievance fee (see Appendix E).

### **11.3.2 Process.**

11.3.2.1 The HA Board shall address the grievance at the next scheduled board meeting.

11.3.2.2 The complainant shall be afforded a fair hearing providing the basic safeguards of due process, including notice and an opportunity to be heard in a timely, reasonable manner.

11.3.2.3 HA Board may continue the hearing to a future date.

11.3.2.4 The complainant and HA shall have the opportunity to examine all documents, records and regulations of HA that are relevant to the hearing.

11.3.2.5 Complainant shall be responsible for all photocopying expenses.

11.3.2.6 Any document not made available after written request may not be relied upon at the hearing.

11.3.2.7 Complainant has the right to be represented by counsel.

11.3.2.8 If the complainant fails to appear at the hearing, the HA Board may make a determination to postpone the hearing or make a determination based upon the evidence submitted.

### **11.3.3 Hearing.**

11.3.3.1 The hearing shall be conducted by a designated member of the HA Board, the "Hearing Officer".

11.3.3.2 The hearing shall be recorded. Oral or documentary evidence may be received without strict compliance with the Colorado Rules of Evidence.

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

11.3.3.4 Based on the records of the hearing, the HA Board will provide a written decision with findings to support the final determination.

**11.3.4 Binding Determination.** The final determination of the HA Board shall be binding, and HA shall take all actions necessary to carry out the decision.

## **12. ADMINISTRATIVE PROCEDURES**

**12.1. Confidentiality.** All personal and financial information provided to HA will be kept strictly confidential, except as follows:



**12.1.1** Signed contracts between the Applicant or Household and HA or RH, including but not limited to Contracts to Purchase a Housing Unit, Deed Restrictions, any document to be recorded with the sale of the Housing Unit along with the Deed Restriction, and any document that would customarily be a matter of public record in the property records of the applicable jurisdiction;

**12.1.2** The names and lottery positions of all persons who have participated in any ownership lottery held per Section 10;

**12.1.3** Any other information that a court of competent jurisdiction orders must be released under the Freedom of Information Act or the Colorado Open Records Act;

**12.1.4** Personal and private information necessary for an independent audit of HA records, provided such person or entity provides authorization;

**12.1.5** Personal and private information to the extent HA determines the information is necessary for its deliberation of a request for an Exception or for consideration during a violation hearing;

**12.1.6** HA may require third-party verification for all self-employed Applicants at initial qualification and during compliance checks; and

**12.1.7** HA may employ outside accounting expertise to evaluate the reasonability of an Applicant's or Household's representations of Income and Assets. The expense for outside services shall be borne by the Applicant or Household.

**12.2** **Fair Housing Standards.** HA shall administer this policy in compliance with all applicable fair housing standards, including but not limited to the Fair Housing Act. These standards prohibit discrimination in housing on the basis of age, race, color, religion, sex, or sexual identity, familial status, national origin, and handicapped or disabled status. In addition to any remedies available in the applicable law, any dispute between an Applicant and HA regarding these standards may be filed as a Grievance (see Section 11.3).

**12.3** **Reasonable Accommodation.** HA shall administer this policy in compliance with all reasonable accommodation standards, including but not limited to the Americans with Disabilities Act. Persons requiring reasonable accommodation for their disability shall give HA at least 48-hours' notice of such need so that appropriate arrangements can be made (for example: providing sign language services for a hearing-impaired person).

**12.4** **Assignment of Administrative Responsibilities.** HA shall have the right to contract with any qualified person or entity for the purpose of administering these Guidelines. The contract for administration shall provide for oversight by the HA, including access to applicable records and the ability to conduct an independent audit of administrative procedures.

**12.5** **Administrative Exceptions.**

**12.5.1** HA may grant Administrative Exceptions subject to the following conditions:

12.5.1.1 All Administrative Exception approvals shall be noticed on the Consent Calendar at the next HA regular meeting immediately following approval; and

12.5.1.2 Administrative Exceptions shall be granted in a fair and consistent manner at the discretion of the HA.

**12.5.2** Administrative Exceptions are limited to the following requests:

12.5.2.1 Extension of time to meet compliance for a Household that has a medical event impacting their ability to work.

12.5.2.2 Extension of time to meet compliance for a Household that has a family emergency impacting their ability fulfill the qualification requirements.

12.5.2.3 Use of a co-borrower or Co-signor for unconventional lending after legal review of documents to be recorded.

12.5.2.4 Permission to own other Improved Residential Property, within a 150-mile radius, when the other property consists of a cabin-like structure outside of a town or municipal boundary, with limited seasonal access and limited amenities, also referred to as a “cow camp” or “hunter’s camp”.

**DISCLAIMER:** Beneficiaries expressly disclaim any and all warranties, express or implied, including without limitation fitness for a particular purpose with respect to the provision of Housing Units. Beneficiaries do not represent, warrant, or promise to construct, finance, or otherwise produce, in whole or in part, any Housing Units pursuant to these guidelines or under any other programs. No Applicant may rely upon any promise implied or expressed that Housing Units shall be constructed, financed, or otherwise produced, in whole or in part, by the Beneficiaries. In no event shall the Beneficiaries be liable to any Applicant for any direct, indirect, incidental, punitive, or consequential damage of any kind whatsoever, including without limitation lost profits, lost sales, lost business, lost opportunity, lost information, lost or wasted time. None of the information contained in these Guidelines constitutes an offer to sell or the solicitation of an offer to buy a Housing Unit.

## Appendix A: Income Eligibility Tiers & Area Median Income and Income Limits

Area Median Income is currently determined by using the figures published by US Department of Housing and Urban Development (“HUD”) for each county in Colorado and adopted by Colorado Housing and Finance Authority (“CHFA”). They are published at: [www.chfainfo.com/arh/asset/rent-income-limits](http://www.chfainfo.com/arh/asset/rent-income-limits)

HA shall update the schedule below after CHFA adopts the most recent HUD figures.

Based on this procedure, the Area Median Incomes for County as of 2022 are:

Table 1. County Area Median Income (AMI\*) Eligibility

	Household Size					
	1 person	2 persons	3 persons	4 persons	5 persons	6 persons
100% Area Median Income	\$62,100	\$70,900	\$79,800	\$88,600	\$95,700	\$102,800

\*This is the AMI calculation pursuant to the Housing Guidelines.

Qualification is based on Household size, NOT unit size. The following table provides a guide for determining Household Income Eligibility. See Section 3.2.2 for Minimum Household Size requirements.

Household Size	1 Person	2 Persons	3 Persons	4 Persons
60% AMI	\$37,260	\$42,540	\$47,880	\$53,160
80% AMI	\$49,680	\$56,720	\$63,840	\$70,880
100% AMI	\$62,100	\$70,900	\$79,800	\$88,600
120% AMI	\$74,520	\$85,080	\$95,760	\$106,320

### Income Eligibility Tiers

- Tier 1 Income – Household Income shall not exceed sixty percent (60%) of AMI for County.
- Tier 2 Income – Household Income shall not exceed eighty percent (80%) of AMI for County.
- Tier 3 Income – Household income shall not exceed one hundred percent (100%) of AMI for County.
- Tier 4 Income- Household income shall not exceed one hundred and twenty percent (120%) of AMI for County.
- Sale prices for units are based on Tier affordability targets for County, as adjusted for the number of bedrooms per unit, and can be found in Appendix B.

## Appendix B: Initial Sale Prices and Maximum Rental Prices

Lot	Addresses	Home Type, Bedrooms and Description	Home Price	AMI Max is 120% unless noted
1	414 Laura Street	Antero - 2 Bedroom, 1.5 Bath – 1,024 square feet	\$ 339,000	
2	683 Frederick Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet	\$ 385,000	
3	671 Frederick Street	Antero - 2 Bedroom, 1.5 Bath – 1,024 square feet	\$ 275,000	80% AMI and below
4	669 Frederick Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet - large lot	\$ 399,000	
5	436 Laura Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet - with garage	\$ 439,000	
6	438 Laura Street	Torrey - 3 bedroom, 3 bath – 1,600 square feet - with garage	\$ 459,000	
7	448 Laura Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet - with garage	\$ 439,000	
8	450 Laura Street	Torrey - 3 bedroom, 3 bath – 1,600 square feet - with garage	\$ 459,000	
9	464 Laura Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet - with garage	\$ 439,000	
10	466 Laura Street	Torrey - 3 bedroom, 3 bath – 1,600 square feet - with garage	\$ 459,000	
11	486 Laura Street	Antero - 2 Bedroom, 1.5 Bath – 1,024 square feet	\$ 339,000	80% AMI and below
12	684 Otto Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet	\$ 385,000	
13	672 Otto Street	Antero - 2 Bedroom, 1.5 Bath – 1,024 square feet	\$ 275,000	80% AMI and below
14	670 Otto Street	Shavano - 2 Bedroom + 1 flex/bedroom, 3 bath – 1,216 square feet	\$ 369,000	

## **Appendix C: Lottery Point System Criteria**

### **1. INITIAL LOTTERY ENTRY:**

Completed lottery applications shall be processed for qualification of a Household. All lottery Applicants certified as Qualified Households shall be eligible for one (1) entry into the lottery.

### **2. ADDITIONAL LOTTERY ENTRIES:**

In an effort to weight Applicants based on criteria deemed to further the intent of RH, points toward additional lottery entries are given to Households meeting the criteria outlined below.

**2.1** One (1) additional entry is awarded to Households that have a member who is employed as one or more of the following types of employment, as further defined herein:

- 2.1.1 School District Personnel;
- 2.1.2 Health Care Personnel;
- 2.1.3 Government Personnel: and/or
- 2.1.4 Essential Response Personnel.

**2.2** The maximum number of entries allowed is two (2).

**2.3** Individual Household members may have different point rankings. The Household shall be evaluated for eligibility for this additional entry in the lottery based on the individual with the greatest number of points.

### **3. UNQUALIFIED APPLICANTS:**

**3.1** All lottery Applicants who did not qualify but have been provided an Exception per Section 11.1. or given a standard exception by the Lottery Administrator shall be eligible for one (1) entry in the Second Round lottery.

**3.2** All lottery Applicants who did not qualify but have been provided an Exception per Section 11.1. and currently live in the Ridgway School District R-2 shall be eligible for three (3) entries in the Second Round lottery.

**3.3** All lottery Applicants who did not qualify but have been provided an Exception per Section 11.1. and currently work a minimum of twenty (20) hours per week physically in the Ridgway School District R-2 boundaries shall be eligible for three (3) entries in the Second Round lottery.

**3.4** All lottery Applicants who did not qualify but have been provided an Exception per Section 11.1. and currently live in the Ridgway School District R-2 boundaries and work a minimum of twenty (20) hours per week physically in the Ridgway School District R-2 boundaries shall be eligible for five (5) entries in the Second Round lottery.

**3.5** Certified Entity Owner Applicants shall be eligible for three (3) entries in the lottery, except that all Entity Owner Applicants who did not qualify with a Local Work Force but have been provided an Exception per Section 11.1 shall be eligible for one (1) entry in the Second Round lottery.

**3.6** The maximum number of entries allowed in the Second Round lottery is five (5).

## **Appendix D: Fee Schedule**

### **Fees:**

Application Fee        \$25.00

Appeal Fee             \$25.00

Exception Fee         \$25.00

Grievance Fee         \$50.00

Inspection Fee        \$100.00

Sales Fee              Buyer will pay HA a fee equal to 1% of the sales price. HA may instruct the title company to pay such fees out of the funds held in escrow at closing.

## Appendix E: Schedule of Violations and Fines

	Violation	Fine per day	Maximum Fine
1	Failure to submit accurate and all documentation required to establish continued compliance by original deadline set by HA.	\$20.00	\$140.00
2	Failure to submit accurate and all documentation required to establish continued compliance by second deadline set by HA.	\$25.00	\$350.00
3	Failure to submit accurate and all documentation required to establish continued compliance by third deadline set by HA.	\$30.00	\$1,000.00
4	Failure to maintain eligibility (generally).	\$20.00	\$5,000.00
5	Failure to occupy unit as sole and exclusive place of residence.	\$20.00	\$5,000.00
6	Failure to work full-time as required by Deed Restriction and/or Guidelines.	\$20.00	\$2,000.00
7	Purchasing and/or owning other Improved Residential Property within a 150-mile radius and without an exception while owning a RH Housing Unit.	\$20.00	\$2,000.00
8	Rental of all or part of a unit in violation of the Deed Restriction, Guidelines, and/or the County LUC.	\$25.00	\$5,000.00
9	Non-approved use of Unit for other than residential purposes.	\$100.00	\$5,000.00
10	Non-approved use of Unit as income-producing property.	\$100.00	\$5,000.00
11	Creating an additional dwelling unit as defined in the County LUC without HA permission.	\$100.00	\$5,000.00
12	Failure to obtain approved Leave of Absence (LOA).	\$20.00	\$2,000.00
13	Submitting false/inaccurate information (per offense).	-	\$750.00
14	All other violations not specifically named.	\$20.00	\$2,000.00
	<p>*Owner shall be given 14 days from Notice of Violation by HA to cure all violations prior to the assessment of fines.</p> <p>*Violation and Fine Schedule will be reviewed and updated every five years or sooner as determined by HA</p>		