

EXHIBIT 'A'



**TOWN OF GRAND LAKE
LOCAL EMPLOYEE RESIDENCE PROGRAM
MANUAL**

July 2008
Resolution 5-2008

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Town of Grand Lake Local Employee Residency Program (LERP) General Information

The purpose of this program is to create and maintain a suitable, year round attainable housing stock for people who work in Grand Lake. The Town of Grand Lake has committed to increase the supply of housing units to those who live and/or work in the Town or Grand Lake and Grand County. In recent years, the cost of housing has increased at a rate much faster than the increases in the earnings of low to moderate-income households. This, in turn, has affected the ability of the community to retain and attract employees.

The Town of Grand Lake Local Employee Residency Program requires new residential development of five (5) or more units to provide at least 10% of the housing that it produces as attainable to households defined herein. The program also seeks to distribute community housing throughout new developments and that these units will be produced in proportion to market rate housing that is constructed in any new development.

The Town of Grand Lake also recognizes that attainable housing is a valuable community resource that needs to remain available for not only current residents and employees, but also for those who may come to the area in the future. For this reason, units that are constructed or provided through this program will be held as permanently attainable. This will require deed restrictions to assure that prices remain attainable over time.

Basic requirements and obligations for ownership of a Local Employee Residence are, as follows. *Please consult the Local Employee Residence Program Requirements and Guidelines for more detailed qualification components.*

1. You must be currently employed or have a bona fide offer of employment within the Town of Grand Lake or Grand County to purchase a unit. You will be required to present proof of employment. Employment includes both retired and disabled persons. Priority is based on a three-tier system:
 - a. Tier I Qualifiers will be those persons who own, are full-time employed, or have retired from employment with, a business within the Town of Grand Lake municipal limits.
 - b. Tier II Qualifiers will be those persons who own, are full-time employed, or have retired from employment with, a business within 10 (ten) miles of the Town of Grand Lake municipal limits.
 - c. Tier III Qualifiers will be all other full-time employees, or have retired from employment with, a business within Grand County.
2. You may not own improved property elsewhere and you must occupy the Local Employee Residence property as your sole, exclusive, and permanent place of residence during the entire time you own.
3. The property may not be used for rental income unless:
 - a. You continue to reside in the residence and choose to bring in roommates;
 - b. You're moving and you have the property up for sale;
 - c. You have been approved for a temporary leave of absence; or
 - d. You have constructed an Accessory Dwelling Unit pursuant to the Town of Grand Lake Land Use Code, and provided you continue to reside in the main residence.
4. The units will be subject to an appreciation cap and specific resale procedures, both intended to make the initial price as low as possible and keep it that way well into the future.
5. You must be pre-qualified with a mortgage lender, and provide the Town of Grand Lake with a letter from the lender to that effect.

If you are interested in participating in the Town of Grand Lake's Local Employee Residence Program, please contact the Town of Grand Lake at 970.627.3435. Staff is available to assist you with this program.

Town of Grand Lake Local Employee Residency Program (LERP) Roles and Responsibilities

For the Local Employee Residence Program to be properly administered and managed, the following roles and responsibilities have been identified for each of the respective parties involved in the program.

Planning Commission

ROLE:

It is the role of the Town of Grand Lake's Planning Commission to act as the negotiator and facilitator for proposed developments that incorporate the Inclusionary Zoning (IZ) requirements.

RESPONSIBILITIES:

The Planning Commission is responsible to:

- Ensure the proposed development includes Inclusionary Zoning and a Local Employee Residency Plan
- Determine the number of IZ units to be built in the development
- Determine the size and type of IZ units to be built
- Determine the location of the IZ units in the development
- Determine the start and completion time frame for building each IZ unit
- Provide recommendations to the Board of Trustees for the IZ requirements

Board of Trustees

ROLE:

The Town Board of Trustees role is to be the responsible authority in charge of reviewing and granting approval of the subdivision plats that need to incorporate the Inclusionary Zoning requirements.

RESPONSIBILITIES:

It is the responsibility of the Town Board of Trustees to:

- Review plats
- Grant modifications or adjustments to the plat
- Evaluate and decide if off-site locations or other substitutions are appropriate
- Grant or deny leave of absences over three (3) months in duration
- Hear and approve all requests for capital improvement projects to a LERP home
- Review and either approve or deny the Local Employee Residency Plan for a development either prior to or concurrent with the application process for the development
- Approve or deny a request from a developer for a special review for variance from LERP guidelines

- Review and revise the Inclusionary Zoning Code as necessary
- Monitor the Program for achievement of goals

Program Administrator

ROLE:

The Program Administrator will be the central informational gathering and processing point for the LERP.

RESPONSIBILITIES:

The Program Administrator will be responsible for:

- Administering the LERP
- Issuing the certification of eligibility with a priority number to a qualified buyer
- Ensuring that authorized capital improvements (CI) are completed
- Updating all financial requirements and values based on yearly and CI adjustments
- Setting and adjusting the maximum sale price of the home per LERP guidelines
- Maintaining a list of qualified purchasers
- Maintaining a list of current and proposed LERP units
- Contacting applicable agencies and organizations when necessary
- Receiving and reviewing a request from a developer for a special review for variance from LERP guidelines
- Overseeing compliance with any rental of a LERP unit
- Advertising a LERP unit, if necessary
- Reviewing the necessary legal documents for a LERP unit sale

Prospective and Qualified Purchasers

RESPONSIBILITIES:

It is the prospective Purchaser's responsibility to:

- Submit all forms necessary in a timely manner
- Make sure that all forms are correct and complete
- Obtain a certification of eligibility from the LERP Program Administrator
- Enter into a contract with the developer for the purchase of a LERP unit
- Maintain up to date contact information and forms with the LERP Administrator
- Notify the LERP Administrator of any change in employment status
- Notify the LERP Administrator of any rental of the LERP unit
- Notify the LERP Administrator of a request to sell the LERP unit and any information about a proposed sale of the unit

Town of Grand Lake
Local Employee Residency Program (LERP)
Requirements and Guidelines
(updated 04-26-11)

1. Program Purpose

- a. The purpose of the Local Employee Residency Program for the Town of Grand Lake is to increase the supply of housing that is attainable to those who work in the Town. However, this program does not exclude those who work at other places throughout Grand County. In recent years, the cost of housing has increased at a rate that is faster than the increases in the earnings of low to moderate income households. This, in turn has affected the ability of the community to attract and retain employees.
- b. The Town of Grand Lake Local Employee Residency Program requires new residential developments of five (5) or more dwellings to provide at least 10% of the housing that it produces as attainable to households defined herein. The program also seeks to distribute community housing throughout new developments (no clustering of dwellings) and these units will be produced in proportion to market rate housing that is constructed in any new development.
- c. Lastly, the Town of Grand Lake recognizes that attainable housing is a valuable community resource that needs to remain available for not only current employees, but also those who may come to the area in the future. For this reason, units that are constructed or provided through this program will be held as permanently attainable. This will require deed restrictions or other methods that assure that prices remain attainable over time.

2. Definitions: The terms, phrases, words and clauses in the Local Employee Residency Requirements and Guidelines shall have the meaning assigned below. Any terms, phrases, words or clauses not defined herein shall have the meanings as defined in the Town of Grand Lake Municipal Code.

- a. **Area Median Income:** The Grand County estimates of median family income estimates and program income limits compiled and released annually by the U.S. Department of Housing and Urban Development. These figures are utilized in these guidelines and requirements to assist in the establishment of initial maximum sales prices for Local Employee Residences.
- b. **Bedroom:** A room designed to be used for sleeping purposes that may contain closets, may have access to a bathroom, and which meets applicable code requirements for light, ventilation, sanitation and egress.
- c. **Capital Improvements:** Unless otherwise defined in the Deed Restriction covering the Local Employee Residences, any fixture erected as a permanent improvement to real property excluding repair, replacement and maintenance costs.

- d. ***Dependent:*** A minor child (21 years or younger) or other relative of the owner of a Local Employee Residence, which child or relative is taken and listed as a dependent for federal income tax purposes by such owner or his or her present or former spouse.
 - e. ***Development:*** The division of a parcel of land into five (5) or more dwellings; the construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure; any excavation, landfill or land disturbance; or any use or extension of use that alters the character of the property.
 - f. ***Development Plan:*** The entire plan to construct or place one or more dwelling units on a particular parcel or contiguous parcels of land within the Town including, without limitation, a planned unit development, development permit review or subdivision approval.
 - g. ***Full-Time Employee:*** A person who is employed on the basis of a minimum of 1500 hours worked per calendar year, which averages 35 hours a week, 10 months a year; or 32 hours a week, 11 months of the year; and/or resides in a Local Employee Residence a minimum of nine (9) months out of any twelve (12) months.
 - h. ***Household:*** All individuals who are occupying the unit regardless of legal status.
 - i. ***Joint Tenancy:*** Ownership of realty by two (2) or more persons, each having an undivided interest with the right of survivorship. Typically used by related persons.
 - j. ***Local Employee Residence:*** A separate dwelling unit that is deed restricted in accordance with a deed restriction approved by the Town of Grand Lake Board of Trustees or its delegate, substantially similar to Appendix A, attached hereto and incorporated herein by this reference.
 - k. ***Lottery:*** A drawing that is held to select a winner from applicants of equal priority seeking to purchase a Local Employee Residence.
 - l. ***Maximum Resale Price:*** Unless otherwise defined in the Deed Restriction covering the residence, the owner's purchase price multiplied by the allowable appreciation plus the present value of eligible capital improvement costs including labor, if professionally provided, and for which verification of the expenditure is provided.
3. **Development of Local Employee Residences:** An applicant for any annexation, new residential subdivisions, re-subdivisions (which contains residential units) of an existing subdivision, new planned developments containing residential units, and mixed use residential developments within the limits of the Town of Grand Lake is subject to the Inclusionary Residential Requirements for Local Employee Residency. Specifically requiring a minimum of 10% of the total of all new dwelling units of developments of five (5) or more units be constructed and deed restricted for Local Resident Housing with project percentage rounding to the nearest integer. In all cases one-half or .5 shall be rounded to the nearest upper integer. In cases where the result of the calculation is rounded down to an integer, that portion of the calculation which is rounded down shall be due as a cash payment for attainable housing per requirements as set forth in Grand Lake Municipal Code 12-10-3.
- a. **Minimum Square Footage:** Assurance of a minimum square footage is a function of these Guidelines and Requirements. Local Employee Residences will be as livable with regard to habitable space as any market-rate dwelling unit, based upon the

following table of minimum square footage and in accordance with all applicable zoning requirements.

MINIMUM SQUARE FOOTAGES

Unit Type	Min. Sq. Feet
Studio	500
1-Bedroom	750
2-Bedroom	1000
3-Bedroom	1,200
4-Bedroom	1,400

- b. **Unit Quality:** Local Employee Residences are assets that the Town of Grand Lake intends to have available for years to come. Because of this, the quality of the housing is very important. All units will meet local building codes and be built to a standard that will enhance durability over time. If market rate units, either built new or rehabilitated, include features such as dishwashers, disposals, air conditioning and energy efficient windows, it is expected that Local Employee Residences will contain similar features. Conversions of existing units into Local Employee Residences must contain similar features and amenities as the proposed market rate units.
- c. **Preference for Local Employee Residence Location:** It is the clear preference of the Local Employee Residency Program to include Local Employee Residences within the proposed development (on-site housing). These units are to be distributed throughout the proposed development, to the extent possible (no clustering). Off-site housing will be considered only in unique cases and when the Town Board of Trustees determines that it would be in the best interest of the Town. The type of Local Employee Residences shall reflect the type and mix of market rate dwellings.
- d. **Local Employee Residence Schedule:** Developers are required to construct Local Employee Residences prior to, or concurrently and proportionally with, the production of market rate housing or the sale of market rate lots, as the case may be. Prior to receiving a development approval, the developer must provide the Program Administrator with a proposed production schedule that clearly delineates the expected start and completion dates of the market rate units and/or lots and the Local Employee Residences.
- e. **Local Employee Residency Plan:** In order to receive approval of an applicable land-use project, the Town Board of Trustees must review and approve the developer's Local Employee Residency Plan. This Local Employee Residency Plan will be considered prior to or concurrent with the application for the free market portion of the project.
 - 1. **Written Requirements:** The Local Employee Residency Plan must include, at a minimum, the following written components:
 - A. Total number of proposed attached and detached residential units by bedroom configuration including:

- (1) Average expected size of finished square footage, excluding garages and unfinished basements, of the proposed Local Employee Residences and average expected size of finished square footage of market rate housing units, excluding unfinished basements and garages; and
 - (2) Average lot size of the proposed market-rate housing units, if applicable; and
- B. Total number of proposed attached and detached Local Employee Residential Housing units by bedroom configuration including:
 - (1) Average expected size of finished square footage, excluding garages and unfinished basements, of the proposed Local Employee Residences and average expected size of finished square footage of market rate housing units, excluding unfinished basements and garages; and
 - (2) Average lot size of the proposed Local Employee Residential Housing units, if applicable; and
 - (3) Anticipated initial sales price for each unit
- C. Off-Site development proposal, if applicable. If off-site units are proposed, the applicant must include:
 - (1) If off-site existing housing is requested, the minimum documentation and requirements for the off-site housing must be presented to the Planning Commission at the Preliminary Plat stage:
 - i. The legal description of the proposed off-site unit(s).
 - ii. The type, size (square footage of finished, heated living space), construction, age, condition, and bedroom and bathroom count of the off-site unit.
 - iii. A report from a qualified building inspector stating any problems or deficiencies with the proposed unit.
 - iv. The title for the proposed off-site unit must be clear of any liens or encumbrances.
 - v. The proposed date the unit will be available for purchase by a LERP qualified buyer.
 - vi. A committee from the Planning Commission must be allowed to inspect the proposed unit to determine if it satisfies the requirements.
 - vii.
 - (2) If off-site new construction housing is requested, the following documentation and requirements for the off-site housing must be presented to the Planning Commission at the Preliminary Plat stage:
 - i. The legal description of the proposed off-site unit.

- ii. The type, size (square footage of finished, heated living space), building plans, and bedroom and bathroom count of the off-site unit.
- iii. The title for the proposed off-site unit must be clear of any liens or encumbrances.
- iv. The proposed date the unit will be available for purchase by a LERP qualified buyer.
- v. Estimated construction schedule including actual start of construction and estimated completion of the Local Employee Residences in accordance with any proposed phases of the development proposal.
- vi. Concept for marketing to households that may be eligible for the Local Employee Residential units.
- vii. The average cost of the total initial sales prices of the Local Employee Residences computation that clearly delineates how the average cost of the Local Employee Residences was derived to meet the requirement that the average sales price of all Local Employee Residences is attainable to households earning 90% of the Maximum Income Limits as reflected in these Guidelines and Requirements.

2. **Drawing Requirements:** The Local Employee Residency Plan must include the following written components:

- A. Graphic documentation of the location and size of the Local Employee Residences in relation to market-rate housing units.
- f. **Deed Restrictions:** All Local Employee Residences are required to have a deed restriction as described in Municipal Code 12-10-3(E)(5). Such deed restriction shall not be subject to any recorded liens or encumbrances.
- g. **Subdivision Improvement Agreement.** An approved Local Employee Residency Plan will become part of the Subdivision Improvement Agreement, a condition of approval of a Development Permit or a Special Use Permit, or Annexation Agreement executed by the Town of Grand Lake for any approved project. Any amendment to the approved Local Employee Residency Plan will require the approval of the Program Administrator who may require review and approval by the Town Board of Trustees.
- h. **Development Incentives:** To offset costs incurred in the development process, the Town of Grand Lake may waive the Affordable Housing Fee, as set by Municipal Code, applicable to the Local Employee Residence Unit as well as may pay the Town of Grand Lake Water Tap Fee.
 - 1. If the Local Employee Residence Unit ever defaults into a market rate unit, then the above listed fees will be reinstated.

4. Sale, Resale, and Improvements

- a. **Deed Restriction:** In order to assure that there is an on-going supply of housing that is attainable in the Town of Grand Lake, all Local Employee Residences will carry a

deed restriction including a resale restriction that guides the future sales of these homes, substantially similar to Appendix A, attached hereto. The purchaser(s) of a Local Employee Residence must sign a document acknowledging the purchaser's agreement to be bound by the recorded deed restriction. This document must be executed concurrently with the closing of the sale and will be recorded, along with the deed restriction.

1. Generally, the deed restriction will describe the procedures for listing a home for-sale. It will include an appreciation cap that allows a home to increase in value by three percent (3%) for the first two (2) years of ownership, and thereafter by the lesser of the Denver-Boulder-Greeley CPI or 1½% annually, plus permitted capital improvements. A monthly prorating can be applied for fractions of a year. The appreciation is calculated on the previous sales price of the home (simple interest) plus permitted capital improvements. The deed restriction also restricts the occupancy and rental of local employee residences.

- b. **Sales Prices:** The following table sets forth the maximum sales price for each newly deed-restricted Local Employee Residence available to the initial purchaser.

INITIAL SALES PRICE RANGE

12/2021	Category 1 80%	Category 2 110%
Studio	\$171,278	\$280,460
1-Bedroom	\$192,112	\$309,107
2-Bedroom	\$254,615	\$395,049
3-Bedroom	\$312,635	\$474,826
4-Bedroom	\$362,892	\$543,724

Assumptions:

Down payment: 5%

Length of mortgage: 30 years

Interest rate: 3.3%

Percent dedication of gross income: 33%

Other Costs: Uses \$500.00 for HOA and other household related expenses

1. Initial sales prices will be reviewed at least quarterly by the Program Administrator to reflect changes in any of the above assumptions. Sales prices for Local Employee Residences will be finalized as described above at the discretion and convenience of the developer/builder. It is the responsibility of the developer to obtain a sales price confirmation from the Program Administrator based upon the published Maximum Initial Sales Price Caps.
2. It will be the responsibility of the developer to obtain a sales price confirmation from the Program Administrator based upon the published

Maximum Initial Sales Price Caps at least thirty (30) days prior to submitting an application to the Town for a building permit for construction of a Local Employee Residence. If the published maximum price caps have changed after the sales price confirmation has been issued, the Developer may request the Program Administrator to issue a new sales price confirmation. The right to refuse any such request is hereby reserved by the Town.

3. Once a sales price confirmation has been obtained from the Program Administrator by the developer it is valid for 120 days from the date of confirmation. If Local Employee Residences are not sold at initial sales prices within the 120 day period, prices may be re-evaluated and adjusted so that they are more marketable to moderate income households. Adjustments to sale price will only be made if variables, such as median income, interest rates, or other similar conditions change to merit an adjustment.

- c. **Initial Sales of Local Employee Residences:** The developer is required to provide the Program Administrator with a schedule that indicates the proposed date for when the Local Resident Housing units will become available for sale at least thirty (30) days prior to initiating the marketing program. The schedule must indicate when pre-marketing activities will begin and when a model may be available, if applicable. The initial marketing schedule should also include the unit type(s), bedroom configuration(s), square footages, address, and sales price for these units. The developer shall also provide evidence that a deed restriction approved by the Town Attorney has been recorded against the property. The developer shall conduct a good faith marketing effort to attract certified buyers who are currently employed in the Town of Grand Lake or Grand County. Upon obtaining potential qualified buyer(s) for a Local Employee Residence, the names of such persons and any appropriate information concerning such persons shall be submitted to the Program Administrator for review. The developer shall only enter into a contract for sale of a Local Employee Residence after certification of the potential qualified buyer(s) by the Program Administrator and a determination of the priority of potential qualified buyer(s).

1. The developer must assure that units are sold only to persons who are in possession of certification that they are eligible to purchase a unit and what their priority rating is. This certification should be presented to the developer, or their representative, prior to finalizing a purchase contract.

- d. **Advertising the sale; bid procedures:** After the Local Employee Residence is registered for sale with the Town and in the event the owner elects to have the Town market the residence, the Town will arrange to advertise the unit for sale in two (2) consecutive weekly editions of the local newspaper of general circulation. When a unit is first registered, there is an initial two-week bid period during which the unit will be advertised with two open house dates when the unit may be viewed by interested parties. The initial two-week bid period ends on the Friday after the second

week of advertising. If no bids are received during the initial bid period, there will follow consecutive one-week bid periods, ending on Friday, until the unit is sold.

1. After the Local Employee Residence is registered for sale with the Town, the owner may elect to list the property for sale with a local licensed real estate broker. In such an event, the owner shall execute a standard listing contract on forms approved by the Colorado Real State Commission with a local licensed real estate broker providing for a thirty (30) day listing period. The local licensed real estate broker shall then promptly advertise the Local Employee Residence for sale to qualified buyers. Any offers to purchase may be received by the real estate broker during the thirty (30) day listing period, but no contract for sale shall be entered into between the owner and a potential purchaser during such period. At the conclusion of the thirty (30) day listing period, the Program Administrator shall determine if the persons making offers to purchase the Local Employee Residence are qualified buyers, and shall determine the priority of offers received from qualified buyers in accordance with these Local Employee Residence Requirements. The owner may then proceed to enter into a contract for sale of the Residence with the qualified buyer of the highest priority.
2. In the event the owner desires to sell the Local Employee Residence, but is not required to sell the Residence by these Local Employee Residency Requirements or the deed restriction attached hereto as Appendix A, the owner may elect to market the property for sale himself or herself, after the Local Employee Residence is registered for sale with the Town. In such an event, the owner shall advertise the Local Employee Residence for sale in four (4) consecutive weekly editions of the local newspaper of general circulation. During such advertising period, the Owner shall schedule at least two (2) open house dates when the unit may be viewed by interested parties. During this advertising period, offers to purchase the Local Employee Residence shall be received by the owner, but no contract for sale of the unit shall be entered into between the owner and a potential purchaser. At the conclusion of the thirty (30) day advertising period, the Program Administrator shall determine if the persons making offers to purchase the Local Employee Residence are qualified buyers, and shall determine the priority of offers received from qualified buyers in accordance with these Local Employee Residence Requirements and Guidelines. The owner may then proceed to enter into a contract for sale of the Local Employee Residence with the qualified buyer of the highest priority submitting the highest offered price, not to exceed the maximum permitted sales price as established by these Local Employee Residence Requirements and the deed restriction attached hereto as Appendix A.
3. If more than one (1) bid is in top priority, a lottery will be held and the winner will be notified. If the winner of the lottery does not proceed to contract within five (5) business days after notification, the next in line will be notified and so on, until the unit is under contract for purchase. Backup contracts in the priority order set forth in the lottery will be accepted.

4. Prospective purchasers must be pre-qualified by a lender prior to submitting a bid for a Local Employee Residence.
 5. Sales and Other Fees:
 - A. Administration Fee: Unless otherwise set forth in the deed restriction covering the unit, at the closing of the sale the seller will pay the Town of Grand Lake an administration fee equal to one and one-half percent (1.5%) of the sales price if the owner selected the Town to market the Local Employee Residence for sale. The Town may instruct the title company to pay said fees to the Town out of funds held for the seller at the closing. Unless otherwise specified in the deed restriction, every seller shall pay a one-half percent (.5%) fee at the time of registration of the unit for sale with the Program Administrator. In the event the seller fails to perform under the listing contract, rejects all offers at maximum price in cash or cash-equivalent terms, or should withdraw the registration after advertising by the Town has commenced, that portion of the fee will not be refunded. In the event the seller withdraws for failure of any bids to be received at maximum price or with acceptable terms, the advertising and administrative costs incurred by the Town will be deducted from the fee, with the balance credited to the owner's sales fee when the property is sold.
 - B. Rental During Period of Registration for Sale: If a Local Employee Residence is listed for sale and the owner must relocate to another area prior to completing the sale, the unit may, upon approval of the Program Administrator or the Town of Grand Lake, be rented to a qualified individual at the owner's cost as described in Section 5(e) Leave of Absence. A written request must be sent to the Program Administrator seeking permission to rent the unit until it is sold. A month to month written lease must be provided to the tenant with a thirty (30) day move out clause upon notification that the unit is sold. All tenants must be qualified as described in Section 5(E). The lease must stipulate that the Local Employee Residence is listed for sale and that the tenant will be required to allow for showings of the property, with sufficient notice. The lease must also stipulate that the agreement may be terminated by either party with a thirty (30) day written notice.
- e. **Re-sale of a Local Resident Housing Unit:** An owner of a Local Employee Residence who intends to sell their unit should contact the Program Administrator to review the deed restriction covering the unit in order to determine the maximum sales price permitted and other applicable provisions concerning a sale. Unless otherwise provided in the deed restriction, the unit must be registered for sale with the Program Administrator or designated agent. Following registration, the owner may elect to have the Town of Grand Lake market the unit for sale, or the owner may elect to list the unit for sale with a local licensed real estate broker, as further described in the deed restriction. If the owner has voluntarily elected to sell the unit, the owner may also choose to market the unit himself. At the discretion of the Program Administrator or the Town of Grand Lake, a lottery may be held if there are a number of qualified

households of the same priority who would purchase the unit. The Program Administrator will oversee the sale in accordance with these Local Employee Residence Requirements and Guidelines that are in effect at the time of the registration. Any termination of the sale may require the payment of administrative and advertising costs.

1. These requirements are intended to assure that all purchasers and all sellers will be treated fairly, equitably, and impartially. Questions will be answered and help provided to any potential purchasers or sellers equally in accordance with the current guidelines and requirements. Listings, sales contracts, extensions to contracts, and closing documents will be prepared and all actions necessary to consummate the sale will be undertaken. The Program Administrator will be acting on the behalf of the Town of Grand Lake. It should be clearly understood by and between all parties to a sales transaction that staff members are not acting as licensed brokers to the transaction, but as representatives of the Town of Grand Lake and its interests. The Town shall nevertheless attempt to help both parties consummate a fair and equitable sale in accordance with the adopted Guidelines and Requirements.
 2. All purchasers and sellers are advised to consult legal counsel regarding examination of title and all contracts, agreements, and title documents. The retention of such counsel, licensed real estate brokers, or such related services, will be at purchaser's or seller's own expense. Certain fees paid to the Town are to be paid regardless of any actions or services that the purchaser or seller may undertake or acquire.
- f. **Improvements:** The Town of Grand Lake encourages maintenance of a Local Employee Residence in good condition, while also balancing the need to assure there will be an ongoing supply of attainable housing for future residents. To that end, the selling owner may add the cost of certain capital improvements to the selling price of a Local Employee Residence during the time that the selling owner held title to the unit. The cost of such permitted capital improvement shall not exceed 1% of the prior purchase price for each year period (or fraction thereof) of the selling owner's ownership of the unit.
1. Examples of Permitted Capital Improvements are:
 - A. The addition of a habitable room or a storage space;
 - B. The finishing of uninhabitable space if it is converted into a habitable room;
 - C. The conversion of a carport into a completely enclosed garage;
 - D. The conversion of surface parking into a carport or garage (if allowed under the development/subdivision agreement);
 - E. Modifications or improvements to accommodate a person with a disability as defined in the Americans with Disabilities Act of 1990;
 - F. Improvements that reduce the consumption of energy;
 - G. Kitchen and bathroom renovations;
 - H. Replacement of the roof;
 - I. Replacement of the furnace;

- J. Replacement of worn carpet with a similar grade and quality.
2. No other categories or types of expenditures may qualify as eligible capital improvements unless approved by the Town of Grand Lake Board of Trustees. In order to receive credit for the capital improvements, a request must be submitted in writing prior to initiating the work. Plans for each capital improvement must be submitted at least twenty-one (21) days prior to initiating the work. Notification will be given to the owner within fourteen (14) days as to whether or not the proposal is conditionally approved. Upon completion of the work, copies of receipts must be submitted to the Program Administrator. A ten percent (10%) “sweat equity” credit may be added to the cost of the permitted capital improvements so long as no labor costs are included in the submitted receipts.
3. The value of the improvements will be added to the unit in the year in which the improvements were completed. The year(s) in which eligible improvements are made will adjust the base value of the home from which a future home price will be established. Nothing in the deed restriction prohibits other improvements to the Local Employee Residence, however, credit will only be provided for **approved** capital improvements.

5. Eligibility and Occupancy

- a. **Eligibility:** In order to be eligible to purchase a home under the Local Employee Residency Program, an interested person must be a full-time employee, as defined, working in the Town of Grand Lake or Grand County or for a business with its principal office located in Grand Lake or Grand County, a retired person who has been a full-time employee in the area for a minimum of four (4) years immediately prior to retirement, a disabled person who has been a full-time employee in the area a minimum of two (2) years immediately prior to their disability, or a person with a bona fide offer of employment in the Town of Grand Lake or Grand County; or the spouse or dependent of any such qualified employee, retired person, or disabled person. It is the responsibility of the individual or household to demonstrate eligibility. All persons working in unincorporated Grand County or other municipalities within Grand County are not excluded from this program. It is the clear preference of this program to first provide attainable units to those persons that are full-time employees in the Town of Grand Lake.
 1. A person will not be considered eligible if he owns any improved property.
 2. Eligibility for Local Employee Residences will be made without regard to race, color, creed, religion, sex, disability, national origin, familial status or marital status.
- b. **Application and Certification:** A person seeking to purchase a Local Employee Residence must apply to the Town of Grand Lake Program Administrator to receive a certification that they are eligible to purchase a unit. Since eligibility is based primarily on an applicant’s location of employment, reasonable proof of employment

will be required. An applicant will not be required to meet any maximum income requirements.

1. Upon determination of place of employment, the applicant will receive a letter stating; (1) that they are eligible to purchase a Local Employee Residence; and (2) a Tier priority number. The purpose of this is to assure the developer/realtor that the applicant is qualified for the program and what the priority number is. This letter will also serve as notification to the buyer that they are eligible to participate in a lottery that may be held for any of the Local Employee Residences to be sold under this program, if such lottery is deemed necessary. It is the responsibility of the applicant to enter into a contract to purchase a Local Employee Residence.
2. A waiting list for Local Employee Residences will be maintained. The Program Administrator or the Town of Grand Lake will maintain a list of qualified applicants which contains the priority number they were assigned. The waiting list will be based on a first come-first served basis only.
3. Priority numbering is established as follows:
 - A. Tier I Qualifiers will be those persons who own or are full-time employees of, have retired from employment with, or a person with a bona fide offer of employment from a business within the Town of Grand Lake municipal limits.
 - B. Tier II Qualifiers will be those persons who own or are full-time employees of, have retired from employment with, or a person with a bona fide offer of employment from a business within 10 (ten) miles of the Town of Grand Lake municipal limits.
 - C. Tier III Qualifiers will be all other full-time employees, have retired from employment with, or a person with a bona fide offer of employment from a business within Grand County, but more than ten (10) miles from the Town of Grand Lake.

c. **Income Guidelines:** A household seeking to purchase a Local Employee Residence need not meet any minimum or maximum income guidelines. The income standards are established herein only for the purpose of establishing Maximum Initial Purchase Prices of Local Employee Residences. Housing that is provided through this program will be priced to persons and families of moderate income. These ranges have been established based upon an Area Median Income published by the U.S. Department of Housing and Urban Development. The Program Administrator will annually adjust Income ranges upon the publication of new Area Median Income figures, Census data or any other information deemed to be relevant.

12/2021
updated

**TARGETED HOUSEHOLDS
BY INCOME CATEGORY**

Household Size	Category 1 ≥ 80%	Category 2 ≤ 110%
1-Person	\$44,160	\$60,720
2-Person	\$50,480	\$69,410
3-Person	\$56,800	\$78,100

4-Person	\$63,040	\$86,680
5-Person	\$68,160	\$93,720
6+ Persons	\$73,200	\$100,650

- d. **Occupancy:** The purchaser of a Local Employee Residence must occupy the unit as his or her primary residence. The owner shall be deemed to have ceased to use the unit as his or her primary residence by accepting permanent employment outside of the Grand County area, or by residing in the unit for fewer greater than nine (9) months out of any twelve (12) months unless permitted pursuant to Section e, Leave of Absence.
- e. **Leave of Absence:** If an owner must leave the Town of Grand Lake for a limited period of time and desires to rent the unit during the absence, a leave of absence may be granted by the Town Board of Trustees for up to one year. The owner must submit a request, to the Program Administrator, to rent the unit at least thirty (30) days prior to when the owner plans to leave the area. The request shall include the reason(s) for the leave of absence, expected duration, and the intent of the owner to rent the unit. A leave of absence for more than one (1) year may be approved based upon a unique situation; however, such leave of absence may not extend longer than two (2) years.
1. The rent that may be charged shall not exceed the owner's monthly mortgage, homeowner's association dues, utilities remaining in the owner's name, taxes and property insurance not included in the monthly mortgage amount, land lease costs (if any), plus an additional twenty dollars (\$20.00). The owner may impose a security deposit and damage deposit at the time a lease is executed, however, the combination of the security and damage deposits may not exceed 1.5 times the monthly rent.
 2. The owner shall rent to an employee of a business in the Town of Grand Lake or Grand County who meets the eligibility provisions of the Local Resident Housing guidelines and requirements (Sub-Sections a and b). The tenant must complete an application form to certify eligibility and agree to abide by the homeowner's association covenants, rules and restrictions for the unit. Both the owner and tenant must sign a statement indicating that the covenants have been provided to the tenant and the tenant has received these covenants for his review. In addition, a copy of the lease agreement executed between the owner and tenant shall be provided to the Program Administrator.

6. Grievances – Alternative Dispute Resolution

- a. **Agreement to Avoid Litigation:** All persons subject to Grand Lake Municipal Code 12-10-3, including developers, purchasers of Local Employee Residences, the Town of Grand Lake, Colorado, and any duly designated housing authority (collectively, "Bound Parties"), agree to encourage the amicable resolution of disputes involving such Ordinance, and these Requirements and Guidelines, without emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein ("Claims") shall be resolved using the mediation and arbitration procedures set forth below.

- b. **Claims:** Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of Grand Lake Municipal Code 12-10-3, and these Requirements and Guidelines, or the rights, obligations and duties of any Bound Party under such Ordinance and these Requirements and Guidelines shall be subject to the provisions of this Section. The Town of Grand Lake is not required to follow the alternative dispute resolution process set forth in this Section when seeking equitable relief to enforce the terms of the Ordinance, these Requirements and Guidelines, or a master deed restriction, including but not limited to, an action for specific performance or injunctive relief. The alternative dispute resolution process also does not apply to the Town's criminal enforcement of Grand Lake Municipal Code 12-10-3.
- c. **Mandatory Procedures:**
1. Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:
 - A. The nature of the Claim, including the persons involved and Respondent's role in the Claim;
 - B. The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
 - C. Claimant's proposed remedy; and
 - D. That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.
 2. Negotiation and Mediation
 - A. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.
 - B. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Grand County, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Grand County, Colorado area.
 - C. If Claimant does not submit a Claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.
 - D. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation

proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth that the Parties are at an impasse. Upon issuance of a Termination of Mediation, the Parties shall proceed with binding arbitration as set forth below.

3. Arbitration

- A. Any Claim not resolved by mediation shall be decided by arbitration in accordance with the simplified rules of the American Arbitration Association currently in effect and the Uniform Arbitration Act, Sections 13-22-201 *et. seq.*, C.R.S., unless the Parties mutually agree otherwise.
- B. A Demand for Arbitration shall be filed in writing by the Claimant with each Respondent. A Demand for Arbitration may be made concurrently with the Notice set forth in subsection c.1. above, or may be made within twenty (20) days after issuance of the Termination of Mediation. The Demand for Arbitration shall contain the same information as set forth in subsection C.1. a through c above. In no event shall the Demand for Arbitration be made after the date when institution of legal or equitable proceedings based upon such Claim would be barred by the applicable statute of limitations.
- C. Within twenty (20) days following submission of a Demand for Arbitration or the issuance of a Termination of Mediation, which ever shall last occur, Claimant, shall appoint, by written notice to Respondent, an arbitrator. Within twenty (20) days after receipt of such notice from the Claimant, Respondent shall appoint a second arbitrator, and in default of such second appointment the first arbitrator shall be deemed the sole arbitrator.
- D. Within twenty (20) days after appointment of the two (2) arbitrators as provided for above, the arbitrators shall, if possible, agree on a third arbitrator and shall appoint him or her by written notice signed by both of them with a copy mailed to each Party within twenty (20) days after such appointment.
- E. In the event twenty (20) days shall elapse after the appointment of the second arbitrator without notice of appointment of the third arbitrator as provided for above, then either Party, or both, may in writing, within twenty (20) additional days, request the Grand County District Court to appoint the third arbitrator in accordance with the Uniform Arbitration Act.
- F. Upon appointment of the arbitrators as provided for above, such arbitrators shall hold an arbitration hearing at a location designated within Grand County, within ninety (90) days after such appointments. At the hearing, the simplified rules of the American Arbitration Association and the Uniform Arbitration Act, Sections 13-22-201 *et. seq.*, C.R.S., shall apply. The arbitrators shall allow each Party to present that Party’s case, evidence and witnesses, if any, and shall render their award, including a provision for payment of the costs and expenses of arbitration, to be paid by one or both of the parties as the

arbitrators deem just. A written decision by the arbitrators shall be issued within thirty (30) days after the close of the submission of evidence.

- G. The decision of the majority of the arbitrators shall be binding on the Bound Parties, and may only be appealed as set forth in the Uniform Arbitration Act, Sections 13-22-201 *et. seq.*, C.R.S. Upon application of either Party, the Grand County District Court shall confirm an award of the arbitrators and such order may be enforced as any other court judgment or decree, as further set forth in the Uniform Arbitration Act.

APPENDIX “A”

**MASTER DECLARATION OF COVENANTS AND RESTRICTIONS
CONCERNING THE OCCUPANCY AND RESALE OF PROPERTY
DESIGNATED BY THE TOWN OF GRAND LAKE
AS A LOCAL EMPLOYEE RESIDENCE**

THIS MASTER DECLARATION OF COVENANTS AND RESTRICTIONS CONCERNING THE OCCUPANCY AND RESALE OF PROPERTY DESIGNATED BY THE TOWN OF GRAND LAKE AS A LOCAL EMPLOYEE RESIDENCE (the “Declaration”) is made and entered into this _____ day of _____, 20____, by _____, whose address is _____, (the “Declarant”), and for the benefit of and specifically enforceable by the Declarant, the Owner, and the Town of Grand Lake, Colorado, a municipal corporation (the “Town”).

RECITALS

WHEREAS, Declarant owns the real property described in Exhibit “A”, attached hereto and incorporated herein by this reference (the “Property”). For purposes of this Declaration, the Property shall include the real property and all dwellings, appurtenances, improvements and fixtures associated therewith; and

WHEREAS, in accordance with the Town’s Local Employee Residency Program Requirements and Guidelines, Declarant and the Town desire to provide for certain restrictions relating to ownership and occupancy of the Property, qualifications of subsequent purchasers of the Property, and limitations on the resale price of the Property in the future, as more particularly provided herein, in order to increase the supply of housing that is affordable to persons who live and/or work in the Town of Grand Lake, and

WHEREAS, Declarant agrees that this Declaration shall constitute a resale agreement setting forth the provisions controlling the resale of the Property should Declarant’s purchaser or any subsequent purchaser desire to sell its interest in the Property at any time after the date of this Declaration.

NOW, THEREFORE, Declarant does hereby publish and declare the following terms, restrictions and limitations which shall be deemed to run with the Property and shall be a burden to any person acquiring or owning any interest in the Property subsequent to the Declarant, their grantees, personal representatives, heirs, successors and assigns for so long as this Declaration remains in force and effect with respect to the Property:

SECTION 1
DEFINITIONS

Terms used in this Declaration shall have the same meaning as set forth in the Town of Grand Lake's Local Employee Residency Program Requirements and Guidelines. In addition, the following terms shall have the meaning assigned below:

1.1 Accessory Dwelling Unit ("ADU"). A complete, separate housekeeping unit, which is secondary to and isolated from the principal dwelling unit on the Property, and which may be attached to the principal structure or free-standing.

1.2 Declarant. _____, its grantees, personal representatives, heirs, successors and assigns.

1.3 Declaration. This Master Declaration of Covenants and Restrictions Concerning the Occupancy and Resale of Property Designated by the Town of Grand Lake as a Local Employee Residence.

1.4 Local Broker. A real estate broker licensed to sell real estate in the State of Colorado, with a local office in Grand County, Colorado.

1.5 Local Employee Residency Program Requirements. The Town of Grand Lake's Local Employee Residency Program Requirements and Guidelines, or its substitute, as adopted by the Town of Grand Lake, Colorado, or its successor, as amended and effective at the time of the closing of the sale of the Property from Declarant to the Qualified Buyer, or from subsequent Owners to Qualified Buyers. To the extent there are any conflicts between the Local Employee Residency Program Requirements and this Declaration, this Declaration shall govern and control.

1.6 Maximum Resale Price. The Owner's purchase price together with the original value of Permitted Capital Improvements, plus allowable appreciation, as further described in Section 6 of this Declaration.

1.7 Permitted Capital Improvements. Certain improvements to the Property made by the Owner which is included in the calculation of the Maximum Resale Price, as further described in subsection 6.3 of this Declaration.

1.8 Owner. A Qualified Buyer or other person or persons, or entity, other than the Town, who acquires an ownership interest in the Property in compliance with the terms and provisions of this Declaration; it being understood that such person, persons or entity shall be deemed an Owner hereunder only during the period of his, her, their or its ownership in the Property, and shall be obligated hereunder for the full and complete performance and observance of all covenants, conditions and restrictions contained herein during such period.

1.9 Property. The property described in Exhibit "A", attached hereto and incorporated herein by this reference.

1.10 Program Administrator. The person designated by the Town Manager who is responsible for the administration and enforcement of the Town of Grand Lake's Local Employee Residency Program.

1.11 Qualified Buyer. A natural person or persons meeting the residency and/or employment qualifications set forth in the Local Employee Residency Program Requirements.

1.12 Qualified Owner. An Owner of the Property who met the qualifications for a Qualified Buyer, at the time such Owner obtained title to the Property.

1.13 Town. The Town of Grand Lake, Colorado, a municipal corporation.

1.14 Unqualified Owner. An Owner of the Property who was not a Qualified Buyer at the time such Owner obtained title to the Property.

SECTION 2

COVENANTS RUNNING WITH PROPERTY

This Declaration constitutes covenants running with the Property as a burden thereon, for the benefit of, and specifically enforceable by, the Declarant, any Owner and the Town by any appropriate legal action, including but not limited to, specific performance, injunction, reversion, or eviction of non-complying Owners and occupants. By taking ownership to or occupying the Property, any Owner or other person thereby expressly agrees to be and shall be bound by this Declaration, representations, covenants and agreements contained herein. Any Owner shall execute and record a Memorandum of Acceptance in a form substantially similar to the form attached hereto as Exhibit "B", and incorporated herein by this reference, prior to or simultaneous with taking title to the Property. Provided, however, the failure of an Owner to execute such form shall not invalidate application of this Declaration. In the event of a conflict between this Declaration and any other covenants, conditions or restrictions governing the Property, this Declaration shall control, unless otherwise specified herein.

SECTION 3

RESTRICTIONS ON USE AND OCCUPANCY OF PROPERTY

3.1 Housing for Natural Persons Only. The use and occupancy of the Property shall henceforth be limited exclusively to housing for natural persons who meet the definition of Qualified Buyers and their families, and shall not be used or occupied by a partnership, corporation, limited liability company or other business entity.

3.2 Occupancy as Primary Residence. An Owner (other than Declarant or the Town), in connection with the purchase and ownership of the Property, must occupy the principal dwelling unit on the Property as his or her sole, exclusive and permanent place of residence

during the time that the Property is owned by such Owner, except as otherwise provided in this Section of the Declaration. If an Accessory Dwelling Unit (“ADU”) is located on the Property, the Owner shall not occupy the ADU as his or her primary residence. A permanent residence shall mean the home or place in which one’s habitation is fixed and to which one, whenever he or she is absent, has a present intention of returning after a departure or absence therefrom. In determining what is a permanent residence, the following circumstances relating to the Owner may be considered: business pursuits, employment, income sources, residence for income or other tax purposes, residence of parents, spouse and children, if any, location of Owner’s personal and real property, residence for voter registration purposes, residence for motor vehicle registration and license purposes, and any other information relevant for the purposes of determining the permanent place of residence of the Owner.

Unless a leave of absence is granted by the Town in accordance with the Local Employee Residency Program Requirements, the Owner shall be deemed to have ceased using the Property as his or her sole, exclusive and permanent place of residence by accepting permanent employment outside of Grand County, or residing in the Property for fewer than nine (9) months out of any twelve (12) consecutive month period. In the event the Property is owned by more than one Owner, at least one co-owner of the Property must utilize the Property as his or her sole, exclusive and permanent place of residence.

3.3 Leave of Absence. If the Owner must leave the Grand Lake area for a limited period of time and desires to rent the Property during his or her absence, a leave of absence may be granted by the Town for up to one (1) year, however consecutive leaves of absence shall not extend longer than two (2) years. The Owner must submit a request and intent to rent for such leave of absence to the Program Administrator at least thirty (30) days prior to the date the Owner plans to leave the area. The rental of the Property shall be in accordance with Section 4 of this Declaration and the Local Employee Residency Program Requirements.

3.4 Business Activity Prohibited. An Owner shall not engage in any business activity on or in the Property, other than as permitted in the zone district in which the Property is located under applicable Town ordinances.

3.5 Restriction on Resale of Property. An Owner shall not sell or otherwise transfer the Property except in accordance with Section 5 of this Declaration and the Local Employee Residency Program Requirements. An Owner shall not sell or otherwise transfer the Property for use in any trade or business.

3.6 Compliance with Declaration Required. An Owner shall not permit any use or occupation of the Property by others, except in compliance with this Declaration.

SECTION 4
RENTAL OF THE PROPERTY

4.1 Rental of Property Restricted. An Owner shall not rent the Property for any period of time, except that this subsection shall not preclude:

- 4.1.1 An Owner from sharing occupancy of the principal dwelling unit located on the Property with non-owners on a rental basis provided the Owner continues to reside in the principal dwelling unit located on the Property and meet the obligations contained in this Declaration; or
- 4.1.2 An Owner from renting the principal dwelling unit located on the Property so long as the rental is for more than one (1) month and less than three (3) months unless granted a leave of absence, and the Owner, at the time the lease agreement is signed, has a bona fide good faith intent to reoccupy the Property as his or her permanent residence upon termination of the lease. In such an event, the Owner shall only rent the Property in accordance with this Section 4; or
- 4.1.3 An Owner from renting the principal dwelling unit located on the Property in accordance with this Section 4 during any period that the Owner has moved from the Property and obtained a leave of absence in accordance with subsection 3.3 above and the Local Employee Residency Program Requirements; or
- 4.1.4 A personal representative of the Owner from renting the principal dwelling unit located on the Property in accordance with this Section 4 after the death of the Owner, so long as the personal representative is pursuing sale of the Property in accordance with the requirements of subsection 5.4 of this Declaration; or
- 4.1.5 A foreclosing holder of a bona fide promissory note secured by a bona fide first priority deed of trust on the Property from renting the Property so long as it is actively pursuing such foreclosure; or
- 4.1.6 An Owner from renting the Accessory Dwelling Unit (“ADU”), if an ADU is located on the Property.
- 4.1.7 An Owner from renting the principal dwelling unit located on the Property in accordance with this Section 4, so long as the Owner is pursuing sale of the Property in accordance with the requirements of subsection 5.4 of this

Declaration; or

4.2 Amount of Rent. In the event the Owner, or other person identified in subsection 4.1 above, except a foreclosing holder as set forth in subsection 4.1.5 above, desires to rent the principal dwelling unit located on the Property and such rental is permitted by this Declaration, the amount of the monthly rent charged by such Owner or other person shall not exceed the Owner's monthly mortgage payment; plus homeowner's association assessments; plus the cost of utilities remaining in the Owner's name; plus applicable real property taxes and property insurance not included in the monthly mortgage amount, prorated on a monthly basis; plus an additional twenty dollars (\$20.00). The Owner or other lessor may require a security deposit and damage deposit at the time a lease for the Property is executed, provided, however, the combination of such security and damage deposits shall not exceed 1.5 times the amount of the monthly rental payment.

4.3 Qualified Lessees Required. The Owner, or other person identified in subsection 4.1 above, except a foreclosing holder as set forth in subsection 4.1.5 above, shall only rent the principal dwelling unit located on the Property to a person who meets the eligibility requirements for a Qualified Purchaser as set forth in the Local Employee Residency Program Requirements. Prior to any lease of the principal dwelling unit located on the Property, the proposed lessee must complete an application form provided by the Town for certification of eligibility, and the proposed lessee must further agree to abide by any covenants, conditions and restrictions for the Property and any homeowners' association rules and restrictions applicable to the Property.

4.4 Lease Agreement Required. A copy of the lease agreement executed between the Owner, or other lessor identified in subsection 4.1 above, and the lessee for lease of the principal dwelling unit located on the Property shall be submitted to the Program Administrator for approval. Such lease agreement shall prohibit a sublease of the principal dwelling unit, and shall provide for termination of the lease upon thirty (30) days notice following sale of the Property. The Owner, or other permitted lessor, and the proposed lessee shall sign a statement indicating that any applicable covenants, conditions and restrictions for the Property have been provided to the proposed lessee by the Owner.

4.5 Additional Consideration Prohibited. The Owner or other permitted lessor shall not require or accept any consideration for lease of the principal dwelling unit located on the Property other than that stated in the lease agreement and allowed by the terms of this Section 4.

SECTION 5

SALE OF THE PROPERTY

5.1 Initial Sale by Declarant. At least thirty (30) days prior to submitting an application to the Town for a building permit for construction of a dwelling unit on the Property, the Declarant shall consult with the Program Administrator in order to determine the maximum initial sales price for the Property (at issuance of the building permit) in accordance with the

Local Employee Residency Program Requirements. Upon a determination of the maximum initial sales price for the Property by the Program Administrator, such price may be reevaluated upon issuance of a certificate of occupancy for any increase in the Denver-Boulder-Greeley CPI. During such period, the Declarant may market the Property in any manner that it determines appropriate. Upon obtaining potential Qualified Buyer(s), as defined by Section 1.11, for the Property, the names of such potential Qualified Buyer(s) and any appropriate residency information concerning such persons, as requested by the Program Administrator, shall be submitted to the Program Administrator for review. The Program Administrator shall render a decision concerning certifications within thirty (30) days following receipt of such information. The Declarant shall only enter into a contract for the sale of the Property following certification of the potential Qualified Buyer(s) by the Program Administrator, and a determination of the priority of potential Qualified Buyer(s), if necessary.

Upon payment of the sale price by the Qualified Buyer to the Declarant, not to exceed the maximum initial sales price as approved by the Program Administrator, the Declarant shall convey the Property to the Qualified Buyer by general warranty deed, free and clear of any liens and encumbrances, and subject to this Declaration and any other declaration of covenants, conditions and restrictions that may be applicable to the Property. Any real estate sales commission applicable to the transaction shall be paid by the Declarant. Closing costs shall be apportioned as described in subsection 5.7 of this Declaration.

5.2 Involuntary Sale by Qualified Owner. In the event a Qualified Owner is required to sell the Property pursuant to this Declaration, such Owner, following notice from the Town, shall immediately register the Property for sale with the Program Administrator or his designated agent. At that time, the Program Administrator, or his designated agent, shall determine the Minimum and Maximum Resale Prices in accordance with Section 6 below. Following determination of the Minimum and Maximum Resale Prices, the Owner may elect to have the Program Administrator market the Property for sale, or shall promptly list the Property for sale with a Local Broker. Normal Broker costs, as listed in Appendix 'F', will be the responsibility of the Owner.

In the event the Owner elects to have the Program Administrator market the Property, the Program Administrator shall arrange to advertise the Property for sale in accordance with the Local Employee Residency Program Requirements. During such initial period during which the Property will be advertised, two (2) open house dates shall be scheduled when the Owner will make the Property available for inspection by prospective purchasers.

In the event the Owner elects to list the Property with a Local Broker, the Owner shall execute a standard listing contract on forms approved by the Colorado Real Estate Commission with a Local Broker providing for a thirty (30) day listing period. The Local Broker shall then promptly advertise the Property for sale to Qualified Buyers. Offers to purchase shall be received by the Local Broker during the thirty (30) day listing period, but no contract for sale shall be entered into between the Owner and a potential purchaser during such period. At the

conclusion of the thirty (30) day listing period, the Program Administrator shall determine if the persons making offers to purchase the Property are Qualified Buyers, and shall determine the priority of offers received from potential Qualified Buyers in accordance with the Local Employee Residency Program Requirements. The Owner shall then proceed to enter into a contract for sale of the Property with the Qualified Buyer of the highest priority offering the highest price, not to exceed the Maximum Resale Price.

In the event that only one offer is received from a Qualified Buyer equal to the Maximum Resale Price, the Property shall be sold by Owner to such person at the Maximum Resale Price. If more than one (1) offer is received from Qualified Buyers in the amount of the Maximum Resale Price, the purchaser shall be selected by the Program Administrator according to the priorities set forth in the Local Employee Residency Program Requirements. If more than one (1) offer are of equal priority, the Program Administrator shall conduct a lottery to determine the purchaser and the Program Administrator shall notify the winner of such lottery. If the winner of the lottery does not proceed to contract with the Owner within five (5) business days after notification, a new lottery will be conducted among the remaining offerors of equal priority, if necessary, or a Qualified Purchaser in the next priority category will be selected. Such process shall be followed until the Property is under contract for purchase. Backup contracts in the priority order set forth in the lottery will be accepted.

If all offers to purchase received by the Program Administrator or the Local Broker are for less than the advertised Maximum Resale Price, the Owner shall accept the highest offer from a Qualified Buyer, as long as it meets the Minimum Sale Price of that unit as established by Section 6 and except as otherwise provided in subsection 5.5.1 below.

If no offers are received during the initial listing or marketing period, the Program Administrator shall continue to advertise the Property in accordance with the Local Employee Residency Program Requirements until the Property is under contract for purchase, or the Owner may list the Property with a Local Broker for an additional thirty (30) day listing period and the process described above shall be followed until the Property is under contract for purchase.

5.3 Voluntary Sale by Qualified Owner. In the event a Qualified Owner desires to sell the Property, but is not required to sell the Property by the provisions of this Declaration, such Owner shall contact the Program Administrator, or his designated agent, to determine the Maximum Resale Price permitted, other applicable provisions concerning such sale, and register the Property for sale with the Program Administrator. After the Property is registered for sale with the Program Administrator, the Owner may elect to have the Program Administrator market the Property for sale, or may elect to market the Property for sale him or herself, or may elect to list the Property for sale with a Local Broker. Normal Broker costs, as listed in Appendix 'F', will be the responsibility of the Owner.

In the event the Owner elects to have the Program Administrator market the Property, the Program Administrator shall proceed to advertise the Property in accordance with the provisions

of the Local Employee Residency Program Requirements. When the Property is first registered, there shall be an initial advertising period during which two (2) open house dates shall be scheduled when the Owner will make the Property available for inspection by prospective purchasers. If no bid is received for the Maximum Resale Price from a Qualified Buyer during the initial bid period, the Program Administrator shall continue to advertise the Property in accordance with the Local Employee Residency Program Requirements until the Property is under contract for purchase.

In the event the Owner elects to market the Property him or herself, the Owner shall advertise the Property for sale as set forth in the Local Employee Residency Program Requirements. During said period, the Owner shall schedule at least two (2) open house dates when the Owner will make the Property available for inspection by prospective purchasers. Offers may be received by the Owner during such initial advertising period, but no contract for sale shall be entered into between the Owner and a prospective purchaser. At the conclusion of the initial advertising period, the Program Administrator shall promptly determine if the persons making offers to purchase the Property are Qualified Buyers, and shall determine the priority of offers received from Qualified Buyers in accordance with the Local Employee Residency Program Requirements. The Owner may then proceed to enter into a contract for sale of the Property with the Qualified Buyer of the highest priority.

In the event the Owner elects to list the Property with a Local Broker, the Owner shall execute a standard listing contract on forms approved by the Colorado Real Estate Commission with a Local Broker providing for a thirty (30) day listing period. The Local Broker shall then promptly advertise the Property for sale to Qualified Buyers. Offers shall be received by the Local Broker during the thirty (30) day listing period, but no contract for sale shall be entered into between the Owner and a potential purchaser. At the conclusion of the thirty (30) day listing period, the Program Administrator shall promptly determine if the persons making offers to purchase the Property are Qualified Buyers, and shall determine the priority of offers received from Qualified Buyers in accordance with the Local Employee Residency Program Requirements. The Owner may then proceed to enter into a contract for the sale of the Property with the Qualified Buyer of the highest priority offering the highest price, not to exceed the Maximum Resale Price.

If more than one (1) offer is received from Qualified Buyers during any advertising or listing period for the Maximum Resale Price, the Qualified Buyer shall be selected according to the priorities set forth in the Local Employee Residency Program Requirements. If more than one (1) offer received for the Maximum Resale Price are of equal priority, the Program Administrator shall conduct a lottery to determine the purchaser and such person shall be notified by the Program Administrator. If the person winning such lottery does not proceed to contract with the Owner within five (5) business days after notification by the Program Administrator, another lottery shall be conducted among the remaining offerors of equal priority by the Program Administrator, if necessary, and the Program Administrator shall notify such winner, or the Qualified Buyer in the next priority category will be selected and shall be notified. Such process

shall continue until the Property is under contract for purchase. Backup contracts in the priority order set forth in a lottery shall be accepted by the Program Administrator.

Subject to the provisions concerning administration fees set forth in subsection 5.6 below, an Owner voluntarily registering the Property for sale may withdraw the Property from sales registration after advertising has commenced, and may reject any or all offers at the Maximum Resale Price or otherwise, unless otherwise prohibited under the terms of a listing contract between the Owner and a Local Broker.

If the terms of the proposed purchase contract, other than price, as initially presented to the Owner, are unacceptable to the Owner, there shall be a mandatory negotiation period of three (3) business days to allow the Owner and potential buyer to reach an agreement regarding said terms, including but not limited to, the closing date and financing contingencies. If, after the negotiation period is over, the Owner and potential buyer have not reached an agreement, the next purchase offer in priority from a Qualified Purchaser will then be presented to the Owner for consideration and a three (3) business day negotiation period shall commence again. This process shall be followed until the Property is under contract for purchase.

If all offers to purchase received are below the Maximum Resale Price, an Owner may accept or reject the highest qualified offer. If all offers to purchase are below the Maximum Resale Price and two (2) or more offers are for the same price, the Qualified Buyer shall be selected by lottery conducted by the Program Administrator from among the highest qualified offerors offering the highest price.

5.4 Sale by Unqualified Owner. In the event that title to the Property vests by devise or descent or otherwise in an Owner who is not a Qualified Buyer, as that term is defined in subsection 1.11 of this Declaration, the Property shall, within six (6) months after the property is conveyed to them, be registered for sale by the Owner and advertised or listed for sale as set forth in subsection 5.2 above, and the highest offer to purchase received from a Qualified Buyer, for not less than ninety-five percent (95%) of the Maximum Resale Price, or the appraised market value, which ever is less, shall be accepted by the Owner. If all bids received by the Program Administrator are below ninety-five percent (95%) of the Maximum Resale Price, or the appraised market value, which ever is less, the Property shall continue to be advertised for sale by the Program Administrator, or listed with a Local Broker until an offer in accordance with this subsection is received by the Owner, which offer shall be accepted by the Unqualified Owner. The cost of the appraisal referred to herein shall be paid by the Unqualified Owner.

An Unqualified Owner(s) shall join in the sale, conveyance or transfer of the Property to a Qualified Buyer, as set forth herein, and shall execute any and all documents necessary to do so. The Unqualified Owner agrees not to: (a) occupy the Property; (b) rent all or any part of the Property, except in strict compliance with Section 4 hereof; (c) engage in any business activity on or in the Property; (d) sell or otherwise transfer the Property except in accordance with this Declaration and the Local Employee Residency Program Requirements; or (e) sell or otherwise

transfer the Property for use in a trade or business.

When the provisions of this subsection apply, the Program Administrator may require the Unqualified Owner to rent the Property, pending sale, in accordance with the provisions of Section 4 of this Declaration.

5.5 Default in Loan Payments by Owner. It shall be a breach of this Declaration for the Owner to default in payments or other obligations due or to be performed under a promissory note secured by a first deed of trust encumbering the Property.

5.5.1 The Owner must notify the Program Administrator and the Town, in writing, of any notification received from a lender, or its assigns, of past due payments or a default in payment or other obligations due to be performed under a promissory note secured by a first deed of trust within five (5) calendars days of Owner's receipt of notification from the lender, or its assigns, of said default or past due payments.

Upon notification from the Owner, as provided above, or upon other notice of such default, the Town may require the Owner to sell the Property to avoid the commencement of any foreclosure proceeding against the Property. In the event the Town determines that sale of the Property is necessary, Owner shall immediately register the Property for sale with the Program Administrator in accordance with subsection 5.2 above. In the event of required registration of the Property for sale pursuant to this subsection 5.5, the Owner shall accept the highest bid from a Qualified Buyer which satisfies the Owner's financial or other obligations due under the promissory note secured by the first deed of trust, and any deed of trust in favor of the Town, as described in subsection 5.5.2, and shall convey the Property to such Qualified Buyer.

5.5.2 Upon receipt of notice as provided in subsection 5.5.1, the Town shall have the right, in its sole discretion, to cure the default or any portion thereof. In such event, the Owner shall be personally liable to the Town for past due payments made by the Town together with interest thereon at the rate specified in the promissory note secured by the first deed of trust, plus one percent (1%) per annum, and all expenses, including, but not limited to, staff time and actual monetary outlay, of the Town incurred in curing the default. The Owner shall then be required by the Town to execute a promissory note secured by a deed of trust encumbering the Property in favor of the Town for the amounts expended by the Town as specified herein, including future advances made for such purposes. The Owner may cure the default and satisfy his or her obligation to the Town under this subsection at any time prior to execution of a contract for sale,

upon such reasonable terms as specified by the Town. Otherwise, Owner's indebtedness to the Town shall be satisfied from the Owner's proceeds at closing of the sale of the Property.

5.6 Sales Administration Fees. In the event the Owner is required to, or desires to, sell the Property pursuant to this Declaration, the Owner shall deposit with the Town an initial administration fee in an amount equal to one-half percent (.5%) of the estimated sales price of the Property. In the event the Owner fails to perform pursuant to the registration of the Property for sale as required by this Declaration and the Local Employee Residency Program Requirements, rejects all offers at the Maximum Resale Price in cash or cash equivalent terms, or in the event the Owner withdraws the Property from registration for sale after advertising or listing with a Local Broker has commenced, such fee shall not be refunded. In the event the Owner withdraws the Property from registration for sale because of the failure of any bids to be received at the Maximum Resale Price or with acceptable terms, the advertising (if any) and administrative costs incurred by the Town shall be deducted from such fee, with the balance credited to the Owner's administration fee when the Property is sold.

In the event the Owner selected the Program Administrator to market the Property for sale, the Town shall be paid a Sales Administration Fee equal to two percent (2%) of the sales price, including the initial administration fee paid as set forth above. If the amount of the Sales Administration Fee has been included in the calculation of the Maximum Resale Price which is paid to the Owner, at the time of closing of the Property sales transaction, the Owner shall pay to the Town an additional Sales Administration Fee in an amount equal to one and one-half percent (1.5%) of the sales price. If the Sales Administration Fee has not been included in the calculation of the resale price paid to the Owner, the Qualified Buyer shall pay to the Town all applicable Sales Administration Fees. Upon such payment, the Town shall reimburse to the Owner the initial administration fee which was paid by the Owner. The Town may instruct the title company or other entity closing the sales transaction to pay the amount of the fee due to the Town at the closing of the sales transaction.

5.7 Closing Costs. The Owner and the Qualified Buyer shall each pay their respective, reasonable, and customary closing costs (See Exhibit 'F'). Provided, however, if not included in the resale price, the Qualified Buyer shall pay the Sales Administration Fees as set forth in subsection 5.6 above and/or applicable real estate sales commissions, not to exceed a total amount equal to two percent (2%) of the resale price. The selling Owner shall be responsible for the payment of any additional real estate sales commission owed to the Local Broker which shall be paid from the proceeds of the sale held for the selling Owner at the closing of the sales transaction. A selling Owner shall not permit any prospective buyer to assume any or all of the Owner's customary closing costs or real estate sales commission costs, except as herein provided, nor accept any other consideration which would cause an increase in the purchase price above the offered price so as to induce the Owner to sell to such prospective buyer.

SECTION 6
MAXIMUM RESALE PRICE FOR THE PROPERTY

6.1 Sale in Excess of Maximum Resale Price Prohibited. In no event shall the Property be sold by any Owner for an amount greater than the Maximum Resale Price as calculated pursuant to this Section so long as this Declaration remains in effect.

6.2 Determination of Maximum Resale Price. The Maximum Resale Price is calculated by adding to the purchase price paid for the Property by the selling Owner (the "Prior Purchase Price"), which may include all reasonable and customary expenses of the purchase incurred at the time of purchase by the selling Owner as evidenced by a title company settlement sheet (including, but not limited to, title insurance premiums, Sales Administration Fees as set forth in subsection 5.6 above or real estate sales commissions not to exceed a total amount equal to two percent (2%) of the purchase price, if such fees and commissions were not originally included in the purchase price paid for the Property, but specifically excluding any costs of financing) the following:

- 6.2.1 For the first two (2) years of ownership, the appreciation shall be set at 3% of the prior purchase price. For each year thereafter until the date of registration of the Property for sale, appreciation in an amount equal to the lesser of the percentage increase in the most recent Denver-Boulder-Greeley CPI (hereinafter defined) for such year *or 1½% of the Prior Purchase Price*, plus the cost of Permitted Capital Improvements, if any. Any such increase shall be prorated for any partial years. "Denver-Boulder-Greeley CPI" shall mean the United States Department of Labor (Bureau of Labor Statistics) Consumer Price Index for the consolidated metropolitan statistical area which includes the City and County of Denver, Colorado, the City of Boulder, Colorado, and the City of Greeley, Colorado, which are published on a monthly basis. In the event that the Denver-Boulder-Greeley CPI is substantially changed, renamed, or abandoned by the United States government, then in its place shall be substituted the index established by the United States government that most closely resembles the Denver-Boulder-Greeley CPI; and
- 6.2.2 Sales Administration Fees as set forth in subsection 5.6 above and/or real estate sales commissions to be paid at time of closing, not to exceed a total amount equal to two percent (2%) of the sum equal to the Prior Purchase Price plus the amount calculated pursuant to subsection 6.2.1 above.

Appreciation shall be calculated based on compounded interest calculated annually, from the date of purchase to the date of Owner's registration of the Property for sale with the Program Administrator. Following registration for sale with the Program Administrator, the Maximum Resale Price may be recalculated from time to time as provided in the Local Employee

Residency Program Requirements.

6.3 Determination of Minimum Sale Price. The Minimum Sale Price shall be determined by multiplying the Maximum Sale Price of the unit by ninety-five (95%).

6.4 Permitted Capital Improvements. The cost of Permitted Capital Improvements installed or constructed during the time that the selling Owner held title to the Property may be added to the Prior Purchase Price in calculating the Maximum Resale Price. The cost of such Permitted Capital Improvements shall not exceed one percent (1%) of the Prior Purchase Price for each year period (or fraction thereof) of the selling Owner's ownership of the Property.

In order to receive credit for Permitted Capital Improvements, a request must be submitted by the Owner in writing to the Program Administrator prior to constructing or installing the improvements. Plans for each Permitted Capital Improvement must be submitted at least twenty-one (21) days prior to initiating work on a Permitted Capital Improvement. Notification will be given by the Program Administrator to the Owner within fourteen (14) days following receipt of such plans as to whether or not the proposed Permitted Capital Improvement is conditionally approved. Within sixty (60) days following completion of the work, the Owner must furnish to the Program Administrator the following information with respect to the Permitted Capital Improvement which the Owner seeks to include in the calculation of the Maximum Resale Price: (a) original or duplicate receipts to verify the actual costs expended by the Owner for the Permitted Capital Improvement; (b) Owner's affidavit verifying that the receipts are valid and correct receipts tendered at the time of purchase; and (c) true and correct copies of any building permit or certificate of occupancy required to be issued by the Town's Building Department with respect to the Permitted Capital Improvement. Upon receipt of such information by the Town, and upon approval by the Program Administrator, or his designee, the value of the Permitted Capital Improvements, as approved, will be added to the value of the Property in the year in which the improvements were completed, for purposes of calculating the Maximum Resale Price. The Permitted Capital Improvements, as approved, will adjust the base value of the Property in the year(s) the Permitted Capital Improvements are installed from which the Maximum Resale Price will be calculated.

Only the cost of the Permitted Capital Improvements described in Exhibit "C", attached hereto and incorporated herein by this reference, or the cost of permanent improvements constructed or installed as a result of any requirement imposed by any governmental agency, provided that written certification is provided to the Program Administrator of both the applicable requirement and the information required in the above paragraph, may be included in the calculation of the Maximum Resale Price. In calculating the costs of Permitted Capital Improvements, the Owner may include his or her labor costs or "sweat equity" in an amount not to exceed ten percent (10%) of the purchased materials and supplies provided no labor costs have been included in the submitted and approved invoices described above.

Nothing contained in this Declaration shall prohibit an Owner from making other

improvements to the Property, including construction of an Accessory Dwelling Unit if permitted by applicable Town zoning ordinances; however, credit for such costs, for the purpose of calculating the Maximum Resale Price, will only be granted for Permitted Capital Improvements, as approved.

6.5 Example of Calculation of Maximum Resale Price. The following example is a hypothetical calculation, for illustrative purposes only, of the Maximum Resale Price associated with the Property acquired by a selling Owner on December 31, 2003, and proposed for resale on June 30, 2008. The Denver-Boulder-Greeley CPI-All Items Index is assumed to increase two percent (2%) in 2004, four percent (4%) in 2005, and one and one-half percent (1.5%) in 2006, two and two-tenths percent (2.2%) in 2007, and one percent (1%) for the first six (6) months of 2008. It is also assumed that approved Permitted Capital Improvements with a value of two thousand dollars (\$2,000.00) were installed at the beginning of 2005 and additional Permitted Capital Improvements with a value of twenty-four thousand dollars (\$24,000.00) were installed at the beginning of 2008. It is also assumed the Property was marketed by the Program Administrator and a two percent (2%) Sales Administration Fee was assessed pursuant to subsection 5.6. (All dollar amounts are rounded to the nearest dollar)

MAXIMUM SALE PRICE	EXPLANATION
\$228,000.00	Prior Purchase Price (including customary expenses of purchase and two percent (2%) Sales Administration Fee) on December 31, 2003
\$234,840.00	Three percent (3%) increase for year 2004 according to Denver-Boulder-Greeley CPI ($\$228,000.00 \times .03 = \$6,840.00$)
\$236,840.00	\$2,000.00 of Permitted Capital Improvements completed and certified by Town at beginning of 2005 (allowed 2% of \$228,000.00 or \$4,560.00)
\$243,945.00	Three percent (3%) increase for 2005 ($\$236,840.00 \times .03 = \$7,105.00$) Note: Limited to three percent (3%) pursuant to this Declaration even though Denver-Boulder-Greeley CPI increase was four percent (4%) in 2005
\$247,604.00	One and one-half percent (1.5%) increase for year 2006 according to Denver-Boulder-Greeley CPI ($\$243,945.00 \times .015 = \$3,659.00$)
\$251,318.00	One and one-half percent (1.5 %) increase for 2007 ($\$247,604.00 \times .015 = \$3,714.00$) Note: Limited to one and one-half percent (1.5 %) pursuant to this Declaration even though Denver-Boulder-Greeley CPI increase was two and two-tenths percent (2.2%) in 2007.
\$260,718.00	Permitted Capital Improvements completed and certified by Town at beginning of 2008. Note: \$24,000.00 in additional improvements were installed. However, \$14,600.00 was disallowed because the total cost of Permitted Capital Improvements cannot exceed one percent (1%) of the Prior Purchase Price for each year period. ($\$228,000.00 \times .05 = \$11,400.00$) Maximum amount of Permitted Capital Improvements allowed (\$11,400.00)

	- 2005 improvements (\$2,000.00) = remaining amount of Permitted Capital Improvements allowed for credit (\$9,400.00)
\$262,673.00	Three quarter of a percent (.75%) increase for first six (6) months of year 2008 (\$260,718.00 x .0075 = \$1,955.00) for sale registered on June 30, 2008. Note: Limited to ¾ % pursuant to this Declaration even though Denver-Boulder-Greeley CPI increase was 1% for the first six (6) months of 2008.
\$262,673.00	Maximum Resale Price Subtotal
\$5,253.00	Sales Administration Fee-two percent (2%) of Maximum Resale Price Subtotal (\$262,673.00 x .02)
\$267,926.00	Total Maximum Resale Price for sale registered on June 30, 2008 Minimum Sale Price would be \$254,530.00

THE MAXIMUM RESALE PRICE REPRESENTS ONLY THE HIGHEST PRICE THAT A SELLING OWNER MAY OBTAIN UPON SALE OF THE PROPERTY SUBJECT TO THIS DECLARATION, AND NOTHING HEREIN SHALL BE CONSTRUED TO CONSTITUTE A REPRESENTATION, WARRANTY OR GUARANTEE BY THE DECLARANT, OR THE TOWN OF GRAND LAKE, COLORADO, THAT UPON TRANSFER OF THE PROPERTY, THE SELLING OWNER WILL OBTAIN THE MAXIMUM RESALE PRICE.

IN ADDITION, NOTHING CONTAINED IN THIS DECLARATION SHALL BE DEEMED TO PREVENT A SELLING OWNER OR THE TOWN OF GRAND LAKE, COLORADO, AS AN OWNER, AND ANY QUALIFIED PURCHASER, FROM ENTERING INTO AN AGREEMENT TO PURCHASE AND SELL THE PROPERTY AT ANY PRICE, NOT IN EXCESS OF THE MAXIMUM RESALE PRICE, TO WHICH SUCH PARTIES AGREE.

SECTION 7 FORECLOSURE OF THE PROPERTY

7.1 Town's Option to Purchase Upon Foreclosure. In the event of a foreclosure by the holder (including assigns of the holder) of a bona fide promissory note secured by a bona fide first priority deed of trust on the Property, the Town shall have the option to purchase the Property which shall be exercised in accordance with this Section 7 and Exhibit "D", attached hereto and incorporated herein by this reference.

7.2. Notice. The holder, as defined herein, shall give such notice to the Town as is required by law in the foreclosure proceeding as further described in Exhibit "D", attached hereto.

7.3 Release of Declaration if Town's Rights Not Exercised. In the event that the holder, as defined in this Section, is issued a public trustee's deed and the Town does not elect to purchase the Property in accordance with the terms of this Section 7 and Exhibit "D", attached

hereto, or then this Declaration shall be terminated and of no further force and effect and the Town shall cause to be recorded in the office of the Clerk and Recorder of Grand County, Colorado, a full and complete release of this Declaration as further described in Exhibit “D”, attached hereto. Such release shall be placed of record within fourteen (14) days following expiration of the option to purchase, without demand by holder, as further described in Exhibit “D”.

7.4 Town’s Right to Purchase Pending Foreclosure. As a condition of the purchase of the Property, each Qualified Buyer shall execute a right of first refusal agreement as set forth in Exhibit “E”, attached hereto and incorporated herein by this reference, following purchase of the Property. Under such agreement, in the event a foreclosure action is filed or pending related to the Property, and the Qualified Buyer desires to offer to sell the Property, the Town shall have a right of first refusal to purchase the Property, as further described in Exhibit “E”. Such agreement shall be subordinate and junior to the legal operation and effect of any present or future bona fide first mortgage or first deed of trust against the Property.

7.5 Not Applicable to Foreclosure of Other Liens. The provisions of this Section 7 shall not apply to the foreclosure, or conveyance in lieu of foreclosure, of any interest in the Property except an interest created by a bona fide first priority deed of trust, and shall not include, without limitation, interests created by a second priority deed of trust, a sheriff’s deed, judicial lien, tax lien, and similar liens. This Declaration shall specifically survive the conveyance by foreclosure or deed in lieu of foreclosure of any such liens.

SECTION 8

ALTERNATIVE DISPUTE RESOLUTION

8.1 Agreement to Avoid Litigation. All persons subject to this Declaration, including without limitation, the Declarant, the Owner, and the Town (collectively the “Bound Parties”) agree to encourage the amicable resolution of disputes involving this Declaration and the application thereof without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein (“Claims”) shall be resolved using the procedures set forth in this Section prior to filing suit in any court of law.

8.2 Claims. Unless specifically exempted in subsection 7.6 below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, or the rights, obligations and duties of any Bound Party under this Declaration, shall be subject to the provisions of this Section 7.

8.3 Notice of Claim. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”) (collectively, the “parties”) shall notify each Respondent in writing (the “Notice”), stating plainly and concisely:

- 8.3.1 The nature of the Claim, including the persons involved and Respondent’s role in the Claim;
- 8.3.2 The legal basis of the Claim (i.e., a specific authority out of which the Claim arises);
- 8.3.3 Claimant’s proposed remedy; and
- 8.3.4 That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

8.4 Negotiation and Mediation. The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If the parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period of time as may be agreed upon by the parties) (“Termination of Negotiations”), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Grand County, or, if the parties otherwise agree, to an independent agency providing dispute resolution services in the Grand County, Colorado area.

If Claimant does not submit a Claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation Notice”). The Termination of Mediation Notice shall set forth that the parties are at an impasse.

8.5 Exemptions. The provisions of this Section 7 shall not apply to violations of this Declaration as set forth in subsections 8.1, 8.3 and 8.5 below.

SECTION 9
DEFAULT AND REMEDIES

9.1 Default; Inspection and Notice. In the event that the Town has reasonable cause to believe that the Owner is violating any provision of this Declaration, the Town, by its authorized representative, may inspect the Property between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing the Owner with no less than twenty-four (24) hours prior written notice and provided that the Owner or his or her authorized representative

shall be entitled to be present during such inspection. In the event that a violation of this Declaration shall be discovered during such inspection, the Town shall send a written notice of a violation to the Owner stating in detail the nature of the violation and allowing the Owner thirty (30) days after the effective date of the notice of violation to cure the same. Said notice of violation shall further state that the Owner may request a hearing before the Town Board of Trustees, by notice to the Program Administrator within fifteen (15) days after the effective of the notice of violation, to determine the merits of the allegations. An Owner shall be deemed to be in default of this Declaration if: (a) no hearing is requested and the violation is not cured within thirty (30) days after the effective date of the notice of violation; or (b) the Owner requests a hearing and the violation is not cured within thirty (30) days after the effective date of written notice from the Town to the Owner of the determination of said hearing finding a violation exists.

9.2 Remedies - General Provisions. There is hereby reserved to the parties hereto, including the Town, any and all remedies provided at law or in equity for breach of this Declaration or any of its terms, including but not limited to, specific performance, a mandatory injunction requiring sale of the Property, reversion or eviction. In the event that the parties resort to litigation with respect to any provision of this Declaration, the substantially prevailing party shall be entitled to recover damages and costs, including a mandatory award of reasonable attorney's fees (including legal assistants' fees) incurred by the substantially prevailing party.

9.3 Sale in Violation of Declaration Void. In the event that the Property is sold or conveyed without compliance with the provisions of this Declaration, such sale or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported transferee. Each and every conveyance of the Property, for all purposes, shall be deemed to include and incorporate by this reference the covenants herein contained, even without reference therein to this Declaration. The Town shall be authorized to issue a certificate, in recordable form, to the selling Owner of the Property upon closing of the sale thereof, which certificate shall evidence the selling Owner's full compliance with the terms and conditions of this Declaration, and the issuance and recording of such certificate in connection with a sale of the Property shall be conclusive evidence as against the Town that the sale was completed in full compliance with this Declaration.

9.4 Forfeiture of Resale Gain. If the Owner is finally determined to have breached any provision of this Declaration, and if such Owner fails to cure such breach as provided in this Declaration, then, in addition to all other remedies available to it, the Town may determine that the defaulting Owner, his or her heirs, successors or assigns, shall forfeit any resale gain in the Property, in which case the Maximum Resale Price of the Property shall be the Prior Purchase Price of the Property without regard to the provisions of subsection 1.6 and Section 6 of this Declaration.

9.5 Penalties. If the Town determines that there has been a violation of the occupancy restrictions as contained in this Declaration and applicable provisions of the Grand

Lake Municipal Code, the Town may commence an action in the Grand Lake Municipal Court. In any such action, the defendant shall be subject to the penalties set forth in the applicable provisions of the Grand Lake Municipal Code upon conviction.

9.6 Declaration Enforceable Only by Parties. The provisions and remedies provided in this Declaration shall be enforceable only by the Declarant, the Town and Owner, unless the rights and obligations of the parties hereunder have been assigned pursuant to the provisions of this Declaration. No private right of action in any other person or entity shall be created by this Declaration, and it is the specific intent of the Declarant that no third party beneficiary right shall be created thereby.

9.7 Limitation on Actions. If no action is taken to enforce a breach of this Declaration, or any provision thereof, within three (3) years after the breach occurs, then a party shall be precluded from enforcing that particular breach. No action to set aside or void a transfer of the Property pursuant to this Section may be brought by the Town more than three (3) years after the deed evidencing the transfer is filed for record with the Clerk and Recorder of Grand County, Colorado.

SECTION 10
MISCELLANEOUS PROVISIONS

10.1 Assignment by Town. The Town may assign its rights under this Declaration to any other governmental, quasi-governmental or private entity formed for the purpose of promoting affordable housing, including without limitation, any housing department of the County of Grand, Colorado. Any such assignment shall be evidenced by a document signed by the assignee and recorded in the real property records of Grand County, Colorado.

10.2 Notices. Any notice, consent or approval which is required to be given hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with postage fully prepaid, to the addresses set forth below, or to any subsequent mailing address of the party as long as prior written notice of the change of address has been given to the other parties to this Declaration. Notices shall be effective upon receipt, as evidenced by the certified mail return receipt.

Said notices, consents and approvals shall be sent to the parties hereto at the following addresses unless otherwise notified in writing:

To Declarant: _____

To the Town: Town of Grand Lake

Post Office Box 99
Grand Lake, CO 80447
Attention: Local Employee Residency Program Administrator

To the Owner: The address on the deed to the Owner recorded with respect to each transfer of the Property, or such other address as such Owner shall subsequently give notice of to the Town.

10.3 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be valid under applicable law; but if any provision of this Declaration shall be declared to be invalid or prohibited by a court of competent jurisdiction, such provision shall be ineffective to the extent of such invalidity or prohibition without invalidating the remaining provisions of this Declaration.

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

10.5 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.

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

10.7 Waiver. No claim of waiver, consent or acquiescence with respect to any provision of this Declaration shall be valid against any party hereto except on the basis of a written instrument executed by the parties to this Declaration.

10.8 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.

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

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

10.11 Modifications. The parties to this Declaration agree that any modifications of this Declaration shall be effective only when made by a writing signed and recorded with the Clerk

ACCEPTANCE BY THE TOWN OF GRAND LAKE, COLORADO

The foregoing Master Declaration of Covenants and Restrictions Concerning the Occupancy And Resale of Property Designated by the Town of Grand Lake as a Local Employee Residence for

[LEGAL DESCRIPTION]

and its terms are hereby ratified, approved, accepted, agreed to and adopted by the Town.

ATTEST:

TOWN OF GRAND LAKE, COLORADO,
a municipal corporation

Ronda Kolinske, Town Clerk

By: _____
John A. Rhone, Mayor Pro-tem

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "B"

**MEMORANDUM OF ACCEPTANCE OF MASTER DECLARATION OF COVENANTS
AND RESTRICTIONS CONCERNING THE OCCUPANCY AND RESALE
OF PROPERTY DESIGNATED BY THE TOWN OF GRAND LAKE
AS A LOCAL EMPLOYEE RESIDENCE**

RECITALS

WHEREAS, _____, the Owner of the following described real property (the "Buyer") has simultaneously with execution of this Memorandum purchased certain real property described as:

_____ ;and

WHEREAS, the Town of Grand Lake, Colorado, and the Declarant, _____, are requiring, as a condition of such sales transaction, that the Buyer acknowledge and agree to the terms, conditions and restrictions found in that certain instrument entitled "Master Declaration of Covenants and Restrictions Concerning the Occupancy and Resale of Property Designated by the Town of Grand Lake as a Local Employee Residence," recorded on _____, 20____, as Reception No. _____ of the records of the Clerk and Recorder of Grand County, Colorado (the "Declaration").

NOW, THEREFORE, as required by the Declaration, and in consideration of the covenants and agreements contained therein, and contained herein, the Buyer agrees and acknowledges as follows:

1. The undersigned has carefully read the entire Declaration, has had the opportunity to consult with legal and financial counsel of his or her choice concerning the Declaration, fully understands the Declaration, and agrees to comply with all covenants, restrictions and requirements thereof.

2. Notices to the Buyer, pursuant to subsection 9.2 of the Declaration should be sent to:

3. This Memorandum shall be placed of record in the records of the Grand County, Colorado Clerk and Recorder.

DATED THIS _____ DAY OF _____, 20__.

BUYER:

STATE OF COLORADO)
) ss.
COUNTY OF GRAND)

Subscribed and sworn to before me this _____ day of _____, 20__, by

_____.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires: _____
_____ Notary Public

APPROVED:

ATTEST:

TOWN OF GRAND LAKE, COLORADO,
a municipal corporation

Ronda Kolinske, Town Clerk

By: _____
John A. Rhone, Mayor Pro-tem

EXHIBIT “C”

PERMITTED CAPITAL IMPROVEMENTS

1. The term “Permitted Capital Improvements,” as used in the Declaration, shall only include the following:

- a. The addition of a habitable room or storage space;
- b. The finishing of uninhabitable space if it is converted into a habitable room;
- c. The conversion of a carport into a completely enclosed garage;
- d. The conversion of surface parking into a carport or garage (if allowed under applicable development/subdivision improvements agreement and Town zoning regulations);
- e. Modifications or improvements to accommodate a person with a disability as defined in the Americans with Disabilities Act of 1990;
- f. Improvements that reduce the consumption of energy and/or water;
- g. Kitchen and bathroom renovations;
- h. Replacement of the roof; and
- i. Replacement of the furnace.

2. No other categories or types of expenditures shall qualify as Permitted Capital Improvements unless expressly approved in writing by the Town.

3. All Permitted Capital Improvement items and costs shall be approved by the Town **prior** to commencement of the work if Owner desires such items to be included in the calculation of the Maximum Resale Price.

4. All Permitted Capital Improvements must comply with all local, State, and Federal laws, including, but not limited to, Zoning and Building Codes.

EXHIBIT "D"

OPTION TO BUY

In the event of a foreclosure by the holder (including here and hereinafter assigns of the holder) of the promissory note secured by a bona fide first deed of trust on _____ (the "Property"), and subject to the issuance of a public trustee's deed to the holder following the expiration of all statutory redemption rights, the Town of Grand Lake, Colorado shall have the option to buy the Property pursuant to subsection 7.1 of Section 7 of the Declaration, which shall be exercised in the following manner:

5. Notice.

Pursuant to subsection 7.2 of Section 7 of the Declaration, the holder shall give such notice to the Town as is required by law in the foreclosure proceeding.

Said notice shall be sent by certified mail, return receipt requested, and addressed as follows:

Local Employee Residency Program Administrator
Town of Grand Lake
P.O. Box 99
Grand Lake, CO 80447

6. Option to Buy.

The Town shall have thirty (30) days after issuance of the public trustee's deed in which to exercise this option to buy by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional reasonable costs incurred by the holder during the option period which are directly related to the foreclosure.

7. Title.

Upon receipt of the option price, the holder shall deliver to the Town a special warranty deed, conveying the property to the Town. The holder shall convey only such title as it received through the public trustee's deed and will not create or participate in the creation of any additional liens or encumbrances against the Property following issuance of the public trustee's deed to the holder. The holder shall not be liable for any of the costs of conveyance to the Town or its designee.

8. Release.

In the event the holder is issued a public trustee's deed and the Town does not exercise the option to purchase, as provided herein, the Town shall cause to be recorded in the

records of the Clerk and Recorder of Grand County a full and complete release of the Master Declaration of Covenants and Restrictions concerning the Occupancy and Resale of Property Designated by the Town of Grand Lake as a Local Employee Residence, affecting the Property, which appears in said records as Reception No. _____ . Such release shall be placed in the record within fourteen (14) days without demand therefore by the holder following expiration of the option and a certified copy of the release shall be mailed to the holder upon its recordation.

9.Perpetuities Savings Clause.

If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Option to Buy shall be unlawful or void for violation of: (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for a period of the lives of the current duly elected and seated members of the Board of Trustees of the Town of Grand Lake, Colorado, their now living descendants, if any, and the survivors of them, plus twenty-one (21) years.

10.Successors and Assigns.

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 hereto.

11.Modifications.

The parties hereto agree that any modification to this Option to Buy shall be effective only when made by writings signed by all parties and recorded with the Clerk and Recorder of Grand County, Colorado.

EXHIBIT “E”

RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF FIRST REFUSAL AGREEMENT (“Agreement”) is dated _____, 20____, by and between _____ (the “Buyer”), and the Town of Grand Lake, Colorado, a Colorado municipal corporation (the “Town”).

RECITALS

WHEREAS, Buyer is the owner of the real property described as _____, Town of Grand Lake, Grand County, Colorado (the “Property”); and

WHEREAS, the Buyer desires to grant to the Town, for a period of thirty (30) years beginning on the date hereof and expiring on the thirtieth (30th) anniversary of the date hereof, a right of first refusal to purchase the Property in the event a foreclosure is filed affecting the Property on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the sum of ten dollars (\$10.00) in hand paid by the Town to the Buyer and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. If, at any time after the date of this Agreement, there shall be a foreclosure action filed related to the Property and pending, and Buyer shall desire to offer to sell the Property or any interest therein, or shall receive from a third party a bona fide offer to purchase the Property or any part thereof which the Buyer desires to accept, the Buyer, before making or accepting the offer, as the case may be, shall send the Town two (2) copies of a contract for the sale of the Property embodying the terms of the offer, both copies of which shall have been duly executed by the Buyer, together with a written notification from the Buyer of Buyer’s intention to make or accept the offer embodied in the contract, as the case may be, if the offer is not accepted by the Town. The Town shall have the right, within thirty (30) days of the receipt of the contract and the written notice, to purchase the Property or such part thereof on the terms and conditions set forth in the contract. In the event the Town elects to accept the offer embodied in the contract, the Town must do so by executing one (1) copy of the contract and returning it to the Buyer within twenty-one (21) days of receipt of such contract.

2. If the Town does not accept the offer embodied in the contract within the twenty-one (21) day period provided in paragraph 1 hereof, then the offer to the Town embodied in the contract shall be deemed withdrawn and the Buyer shall be free for a period of six (6) months from the expiration of the twenty-one (21) day period to sell or offer to sell the Property or such part thereof to third parties on terms not less favorable to the Buyer than those set forth in the contract and clear of this Right of First Refusal. In the event the Property or such part thereof is

not sold to a third party within the six (6) month period, then any further offer to sell or to purchase the Property or any part thereof must first be submitted to the Town in accordance with the provisions of paragraph 1.

3. In the event the Buyer shall, during the aforesaid six (6) month period (or during a subsequent six (6) month period as in this paragraph 3 provided), decide to revise the terms of its offer so that the Property or any part thereof shall be offered for sale upon terms less favorable to the Buyer than those contained in any contract previously submitted to the Town, or shall receive from a third party a bona fide offer to purchase the Property or any part thereof on less favorable terms, which offer the Buyer is willing to accept (such less favorable terms, which offer the Buyer is willing to accept, being hereinafter referred to as a "New Offer"), then the Buyer shall, with respect to each such New Offer, before offering the Property or such part thereof for sale to others on the terms embodied in the New Offer, or accepting the New Offer, as the case may be, offer to sell the Property or such part thereof to the Town on the terms contained in the then current New Offer. The terms of the New Offer shall be embodied in a new contract for the sale of the Property or such part thereof, which shall be submitted to the Town in accordance with the requirements of paragraph 1 above. If the Town shall not accept the New Offer within twenty-one (21) days after the receipt of the new contract and the written notice referred to in paragraph 1 above, then the Buyer shall be free for a period of six (6) months from the expiration of the twenty-one (21) day period to sell or offer to sell the Property or such part thereof to third parties on terms not less favorable to the Buyer than those contained in the New Offer free and clear of this Right of First Refusal; provided, however, that in the event the Property or such part thereof is not sold to a third party within the six (6) month period, then any further offers with respect to the Property or any part thereof must be submitted to the Town in accordance with the provisions of paragraph 1.

4. In the event the Town fails to purchase the Property in accordance with this Right of First Refusal Agreement and the Buyer sells the Property to a third party in accordance with this Right of First Refusal Agreement, the Town shall cause to be recorded in the records of the Clerk and Recorder of Grand County a full and complete release of the Master Declaration of Covenants and Restrictions Concerning the Occupancy and Resale of Property Designated by the Town of Grand Lake as a Local Employee Residence, affecting the Property, which appears in said records as Reception No. _____. Such release shall be placed of record within fourteen (14) days following sale of the Property and a certified copy of the release shall be mailed to the third party purchaser upon its recordation.

5. This Agreement shall be subordinate and junior to the legal operation and effect of any present or future bona fide first priority mortgage or deed of trust which is now or hereafter becomes a lien on the Property.

6. The Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective personal representatives, heirs and assigns.

7. All notices pursuant to this Agreement shall be deemed given when personally delivered to the party to whom it is directed during business hours on a business day or in lieu of personal delivery on the second (2nd) business day after the same is deposited in the United States mail, postage prepaid, sent certified mail, return receipt requested, addressed as follows:

If to Buyer: _____

If to Town: Local Employee Residency Program Administrator
Town of Grand Lake
P.O. Box 99
Grand Lake, Colorado 80447

Either party may change its address for the purposes of this section by giving notice of the changed address to the other party in the manner provided for above.

IN WITNESS WHEREOF the parties executed this Agreement as of the date and year first above written.

BUYER: _____

TOWN OF GRAND LAKE, COLORADO, a
Colorado municipal corporation

By: _____
John A. Rhone, Mayor Pro-tem

ATTEST: _____
Ronda Kolinske, Town Clerk

STATE OF COLORADO)
) ss.
COUNTY OF GRAND)

The above and foregoing instrument was acknowledged before me _____, 20____, by John A. Rhone as Mayor Pro-tem and Ronda Kolinske as Town Clerk of the Town of Grand Lake, Colorado.

Witness my hand and seal.

My commission expires: _____ Notary Public: _____

The above and foregoing instrument was acknowledged before me
_____, 20____, by _____.

Witness my hand and official seal.

My commission expires: _____ Notary Public: _____

EXHIBIT “F”

**TOWN OF GRAND LAKE
LOCAL EMPLOYEE RESIDENCY PROGRAM (LERP)
CUSTOMARY CLOSING COSTS**

Closing costs are the fees and expenses, over and above the sale price of the property, incurred by the buyer and seller in the property ownership transfer. Although some of the closing costs can be negotiated at the time of sale, the Town of Grand Lake’s Local Employee Residency Program identifies the customary closing costs that the buyer and seller will be responsible for. Any and all units created by and through the Town of Grand Lake’s Local Employee Residency Program will adhere to the following customary closing costs.

Qualified Buyer:

The Qualified Buyer will be responsible for costs incurred from the following:

- Sales Administration Fee
- Mortgage Origination Fee
- Mortgage Discount Points
- Radon and/or Termite Inspection(s)
- Appraisal Fee(s)
- Tax Service Fee
- Document Preparation Fee(s)
- Mortgage (Lender) Title Insurance Policy
- Title Insurance Endorsements
- Flood Certification Fee
- No greater than 2% of the real estate sales commission

Seller (Declarant):

The Seller will be responsible for costs incurred from the following:

- Title Search
- Owners Title Insurance Policy
- Survey
- Recording Fees
- Prorates for taxes and utilities (up to the day of closing)
- All other costs associated (as chosen by the Seller)

**Town of Grand Lake
Local Employee Residency Program (LERP)
Application Materials**

**Town of Grand Lake
Local Employee Residency Program (LERP)
Application Form**

RETURN TO:

Town of Grand Lake
Local Employee Residency Program
P.O. Box 99
Grand Lake, CO 80447
970-627-3435
970-627-9290 (F)

Please fully review the attached information, then complete this application form and return it with the following additional documents:

1. Proof of residency and/or employment in the Town of Grand Lake or Grand County. The applicant(s) must provide one (1) of either (a) or (b), and one (1) of (c), (d) or (e):
 - a. Copy of a current lease in your name for a property in the Town of Grand Lake or Grand County;
 - b. A current utility bill in your name for that property;
 - c. Last two (2) pay check stubs from your employer in the Town of Grand Lake or Grand County;
 - d. Income and Expense statement for the last twelve (12) months if you are self-employed in the Town of Grand Lake or Grand County; or
 - e. Letter from an employer confirming your acceptance of an offer to be employed in the Town of Grand Lake or Grand County.
 1. This supersedes the requirement of providing either (a) or (b) above and stands alone as proof of future residency and/or employment.
2. Pre-approved Loan Letter from Lender
3. Prospective Purchaser Affidavit
4. Loan Authorization Form

ALL INFORMATION IS CONFIDENTIAL

Please note that we cannot accept applications with incomplete documentation. If you have any questions, please contact the Town of Grand Lake at 970-627-3435. Staff is available to assist you with this program.

If you are applying individually, please fill out only the first column. If two (2) persons are applying for a single unit, please fill out one column for each. At least one (1) person must be fully qualified to purchase a Local Employee Residence. Be as thorough as possible. If you have any questions, please contact Town of Grand Lake Local Employee Residence Program at 970-627-3435.

Name		
Mailing Address		
Street Address		
Home Phone		
Cell Phone		
Work Phone		
E-mail Address		
Current Employer		
Contact Name		
Contact Phone		
Date of Hire		
Full/Part/Seasonal Work		
Hours/week work		

Please confirm that all contact information, e-mail, and phone numbers are accurate.

Please indicate the LERP Unit(s) you are interested in purchasing:

Town of Grand Lake
Local Employee Residency Program (LERP)
Prospective Purchase Affidavit

By my signature below, I hereby verify the following:

1. I wish to submit my application to participate in the Town of Grand Lake Local Employee Residency Program.
2. I have been provided with a Prospective Purchaser Application for the Local Employee Residency Program, including an Application Form, General Information Sheet, Requirements and Guidelines, a copy of the Local Employee Residence Deed Restriction and a copy of the Fannie Mae or Freddie Mac program approval letter.
3. I have fully reviewed each of these documents, and I understand my rights and obligations as detailed therein.
4. I have had the opportunity to seek professional legal and/or financial advice regarding my rights and obligations with respect to the purchase of a deed-restricted unit in the Town of Grand Lake under the Local Employee Residency Program.
5. I am willing and able to comply with all residency and occupancy requirements, annual appreciation limits, permitted capital improvement limits, resale marketing procedures and resale price limitations for deed-restricted units in the Local Employee Residency Program.
6. I have personally met with a least one (1) mortgage lender, and provided him with all current, required and pertinent financial and employment information. I also have provided the Town of Grand Lake with a letter from a mortgage lender confirming my financial pre-qualification for the purchase of a residential unit in the Local Employee Residency Program.
7. I understand that at or prior to the time of purchase of a unit in the Local Employee Residency Program, additional information may be required by the Town of Grand Lake in order to remain eligible to participate in the Local Employee Residency Program.
8. All information I have provided to the Town of Grand Lake is true and accurate. I understand that in order to remain eligible to purchase a unit in the Local Employee Housing Program, the information I have provided to the Town of Grand Lake must also be true and accurate at the time I purchase the unit.
9. I understand that if it is determined that any or all information is inaccurate or not verifiable, I will be disqualified from the application process and notified of the reasons for such disqualification.

Signature _____

Print Name _____

Date _____

**Town of Grand Lake
Local Employee Residency Program (LERP)
Authorization to Obtain a Copy of Loan Application**

By my signature below, I hereby authorize my lender to furnish a copy of my completed loan application to:

Town of Grand Lake
Local Employee Residency Program
P.O. Box 99
Grand Lake, CO 80447
970-627-3435
970-627-9290 (F)

My lender is _____ .

Signature

Signature

Print Name

Print Name

Date

Date

To the Applicant(s):

This document authorizes the Town of Grand Lake to request a copy of your actual loan document from your lender. It is not necessary to specify a lender at this time; only your authorization is required to complete your application. In the event, you sign a contract and find a lender, you must provide the Town of Grand Lake with the name of your lender. We would use this form to request a copy of your original loan document, and provide the lender with evidence that you have approved their release of the loan document to the Town of Grand Lake. If you have any questions, please contact the Town of Grand Lake at 970-627-3435.

**Town of Grand Lake
Local Employee Residency Program (LERP)
Municipal Code Information**

**TOWN OF GRAND LAKE
ORDINANCE NO. 7 – 2008**

**AN ORDINANCE CREATING MUNICIPAL CODE SECTION 12-10-3, INCLUSIONARY ZONING, AS PART
OF CHAPTER 12, ARTICLE 10, OF THE CODE OF THE TOWN OF GRAND LAKE**

WHEREAS, amendments to the Affordable Housing Regulations, Chapter 12, Article 10, of the Town of Grand Lake Code are permitted following public notice and public meeting; and,

WHEREAS, program materials, guidelines and requirements will be annually reviewed and updated, by Town Staff and adopted by Resolution by the Town Board of Trustees; and,

WHEREAS, the Town of Grand Lake Planning Commission held a public meeting, following public notification, on June 4th, 2008; and,

WHEREAS, following the public meeting, the Planning Commission recommended approval of the proposed amendments to the Affordable Housing Regulations of the Town of Grand Lake Code to the Board of Trustees; and,

WHEREAS, the Board of Trustees held a public hearing, following public notification, on July 14, 2008; and,

WHEREAS, following the public hearing, the Board of Trustees agreed with the recommendation of the Planning Commission regarding the proposed amendments to the Affordable Housing Regulations of the Town of Grand Lake Code,

NOW THEREFORE BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF GRAND LAKE THAT:

PART 1. Section 10, Chapter 12, of the code of the Town of Grand Lake, Colorado, is hereby amended to read as follows:

Section 12-10-3: INCLUSIONARY ZONING

A. Purpose:

- (1) The purpose of this Section is to mitigate the impact of market rate housing construction on the limited supply of available land suitable for housing, and to increase the supply of housing that is attainable to a broad range of persons who work in the Town. In recent years, the cost of housing has increased at a rate much faster than the increases in household earnings. This Section will prevent the Town of Grand Lake's land use regulations applicable to residential development from having the effect of excluding housing that meets the needs of all economic groups within Grand Lake.
- (2) This Section requires new residential development to provide at least 10% of the housing that it produces to be attainable to lower and moderate income households as further defined in the Local Employee Residency Requirements and Guidelines. Local Employee Residences shall be obtainable by persons having lower and median incomes, paying not more than 33% of their household income for mortgage principal and interest payments, insurance, and property taxes including Homeowners' Association assessments. Local Employee Residences should be disbursed throughout the community and, when possible, integrated into the existing community fabric.
- (3) The Town of Grand Lake recognizes that attainable housing is a valuable community resource that needs to remain available not only for current residents and employees, but also for those who may come to the area in the future. For this reason, deed restrictions or other methods that assure that prices remain attainable over time are necessary.

B. Definitions: The terms, phrases, words and clauses used in this Section shall have the meanings assigned below. Any terms, phrases, words, and clauses not defined herein shall have the meaning as defined in other parts of the Grand Lake Municipal Code.

- (1) Area Median Income: Median family income estimates and program income limits compiled and released annually by the U.S. Department of Housing and Urban Development. Such figures shall be utilized by the Town in the establishment of initial maximum sales price for Local Employee Residences.
- (2) Development: The division of a parcel of land into five (5) or more dwellings; the construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure; any excavation, or other land disturbance; or any use or extension of use that alters the character of the property.

- (3) Local Employee Residence: A residential lot or separate dwelling unit that is deed restricted in accordance with the Town of Grand Lake's Local Employee Residency Requirements and Guidelines, and in accordance with a deed restriction approved by the Board of Trustees or its designee.
 - (4) Local Employee Residency Requirements and Guidelines: The requirements and guidelines adopted by resolution of the Board of Trustees, from time to time, which may include, but shall not be limited to, standards concerning the procedure for qualifying to own or rent Local Employee Residences; the requirements (e.g., employment) for qualifying to own or rent Local Employee Residences; forms of approved deed restrictions; limitations on appreciation of sale prices of Local Resident Housing; procedures for sale of Local Employee Residences; priorities for persons bidding to purchase Local Employee Residences; occupancy requirements; size, rental, and sales price limitations; maximum sales and rental rate increases; standards for the number of residents per dwelling unit; quality of construction requirements for new Local Employee Residences; and possible incentives for the construction of Local Employee Residences. The Local Employee Residency Requirements and Guidelines, and any subsequent amendments thereto, shall be adopted following a duly noticed public hearing at which such guidelines are considered.
- C. Applicability: Local Employee Residences shall be required as a condition of approval for all residential and mixed-use developments including planned developments (PDs), subdivisions, annexations and multi-family residential development permits.
- D. Exemptions: The following development is exempt from the requirements of this Section:
- (1) Development of Local Employee Residences.
 - (2) Proposed residential development of less than five (5) dwellings to be located on one or more contiguous parcels of land held under the same or substantially the same ownership.
 - (3) Development which is exempt by virtue of a vested property right pursuant to a site specific development plan as defined and established in accordance with Section 24-68-103, C.R.S. prior to the effective date of this Section, or which is otherwise specifically exempt pursuant to a Grand Lake Municipal Code.
- E. Residential Development Requirements
- (1) Number of Local Employee Residences Required. All new residential subdivisions, a re-subdivision (which contains residential units) of an existing subdivision, new planned developments containing residential units, and mixed use residential developments approved after the effective date of this Section, containing five (5) or more residential units, shall set aside at least 10% of those units as Local Employee Residences as defined in this Section and the Town's Local Employee Residency Requirements and Guidelines. In addition, the developer of such project shall construct Local Employee Residences in accordance with the Local Employee Residency Requirements and Guidelines. For those developments of five (5) or more residential units whose calculation results in a fraction of a unit, the Local Employee Residence requirement shall be rounded to the nearest integer. In all cases one-half or .5 shall be rounded to the nearest upper integer. In cases where the result of the calculation is rounded down to an integer, that portion of the calculation which is rounded down shall be due as a cash payment for attainable housing per requirements as set forth in Grand Lake Municipal Code 12-10.
 - (2) Determination of Mix Units. The mix of Local Employee Residences available for purchase shall average a price attainable to households earning 90% of the Maximum Income Limits as set forth in the Town's Local Employee Residency Requirements and Guidelines. The attainable price shall be calculated based on mortgage principal, interest, taxes, Homeowner's Association assessments, and insurance, not to exceed 33% of gross household income. The calculation shall assume a 95% loan to value ratio, and a 30-year mortgage at prevailing interest rates. The average price may be achieved by providing units attainable to households not greater than 110% of the Maximum Income Limits as set forth in the Town's local Employee Residency Requirements and Guidelines.
 - (3) Location and Character of Local Employee Residences. Local Employee Residences shall be distributed throughout the proposed development, to the extent possible. Off-site housing may be allowed only when a unique situation is present and the Board of Trustees determines that permitting off-site housing would be in the best interest of the Town. If off-site housing is allowed, the off-site housing must be located entirely within the Town limits of the Town of Grand Lake and is subject to the Local Employee Residency Program Requirements and Guidelines. The proposed character and density of Local Resident Housing units shall be compatible with the surrounding land uses and neighborhood character, and suitable for the proposed site. Development and construction of Local Resident Housing units shall comply with all other requirements of the Grand Lake Municipal Codes.
 - (4) Schedule for Construction of Local Employee Residences. A developer shall construct the required Local Employee Residences prior to, or concurrently and proportionally with, the production of market rate housing or the sale of market rate lots. Prior to receiving development approval, the developer shall provide the Town with a proposed construction schedule for approval by the Town that clearly delineates the start and completion dates of the production of market rate units and/or the sale of market rate lots and the construction of Local Employee Residences in accordance with the Town's Local Employee Residency Requirements and Guidelines.
 - (5) Deed Restrictions. All Local Employee Residences required by this Section shall be deed restricted, in accordance with the requirements of the Local Employee Residency Requirements and Guidelines, and as approved by the Town Attorney, as to rental or ownership and occupancy by persons and as to the resale price of the unit. The deed restriction shall be provided to the developer for review at the time of approval of the developer's Local Employee Residency Plan. Prior to the issuance of any building permit within the development, the Town shall have an approved, executed and recorded deed restriction for all

Local Employee Residence lots or units in the project or phase of the project, if applicable. Such deed restrictions shall not be subject to any recorded liens or encumbrances.

F. Local Employee Residency Plan

- (1) All applications for approval of a new subdivision, a re-subdivision of an existing subdivision, new planned developments, mixed-use developments, and annexations containing five (5) or more residential units, shall be accompanied by a Local Employee Residency Plan, unless otherwise determined by the Town Planner. Such plan shall contain sufficient information to allow the Town to determine the Plan's compliance with this Section and the Town's Local Employee Residency Requirements and Guidelines. The local Employee Residency Plan shall include, but shall not be limited to, the information specifically required by the Town's Local Employee Residency Requirements and Guidelines.
- (2) Upon receipt of a complete proposed Local Employee Residency Plan, the Town Planner shall evaluate the plan for compliance with this Section and the Town's Local Employee Residency Requirements and Guidelines. The Town Planner may make a recommendation of approval, recommendation of approval with appropriate conditions, or a recommendation of denial. Following receipt of the Town Planner's recommendation, and as a part of the Town's procedures for review and final approval of any application for an annexation, planned development, mixed use development, or subdivision containing five (5) or more residential units, the Town Board or administrative staff member vested with authority to approve any such development may approve the Plan, approve the Plan with appropriate conditions consistent with the Town's Local Employee Residency Requirements and Guidelines, or deny approval of such Plan. No application for annexation, planned development, mixed use development, or subdivision containing five (5) or more residential units, shall be granted unless the Local Employee Residency Plan is approved or approved subject to conditions by the Town.

PART 3. Except as specifically amended herein, the other provisions of Chapter 12, Article 10 of the Grand Lake Town Code shall remain in full force and effect.

PART 4. If any section, subsection, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or unconstitutionality of the remaining portions of this ordinance, and each section, subsection, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, and phrases be declared invalid or unconstitutional.

DULY MOVED, SECONDED, AND ADOPTED BY THE BOARD OF TRUSTEES OF THE TOWN OF GRAND LAKE THIS 14TH DAY OF JULY, 2008.

(SEAL)

Votes Approving: 6
 Votes Opposing: 0
 Votes Abstaining: 0
 Absent:

ATTEST:

TOWN OF GRAND LAKE

/s/

 Ronda Kolinske
 Town Clerk

/s/

 J. Aron Rhone
 Mayor Pro-Tem