AGENDA
SAN MIGUEL REGIONAL HOUSING AUTHORITY
REGULAR MEETING
THURSDAY, AUGUST 8, 2019 @ 11:30AM
MIRAMONTE BUILDING, 335 COLORADO AVE, TELLURIDE

CALL TO ORDER

ROLL CALL

I. APPROVAL OF MINUTES
   A. July 11, 2019- Regular Meeting, included for review

II. PUBLIC DISCUSSION
   No more than five minutes per person

III. WORKSESSION ITEMS

IV. ACTION ITEMS
   A. Consideration of a request by Alpine Chapel of Telluride for an exception to the
      Affordable Housing Covenant, Equitable Servitude and Real Covenant, Section 2.1,
      Limitation on Purchase. Review of Memo, Exception Application, Sample Covenant
      Agreement, and Proposed Lease.

V. OTHER BUSINESS

VI. ADJOURN

This agenda is subject to change including the addition of items or the deletion of items at any time. The lengths of discussions may be shorter or longer, at the board's discretion. If you are planning to come speak to a matter, let the Administrative Assistant know by calling 728-3034, ext. 3.
SAN MIGUEL REGIONAL HOUSING AUTHORITY
July 11, 2019
REGULAR MEETING
Second Floor, 11:30a.m. Miramonte Building
Telluride, Colorado

Present: Lynn Black – San Miguel County Administrator
         Ross Herzog – Town of Telluride Town Manager

Absent:  Kim Montgomery – Town Manager Mountain Village

Staff Present: Special Council – Lois Major
              SMRHA – Jeanne Walker

Others Present: Attorney for Leo McNamara Trust – Daniel Zemke
                Anneliese Riebel – Alpine Title
                Melanie Wasserman – Town of Telluride Director of Housing

1. Call to order.
   11:36 a.m.

2. Approval of Minutes.

3. Public Discussion - none

4. Work Session Items - none

ACTION ITEMS:
A. Consideration of a request by L. McNamara for an exception to the
   Affordable Housing Covenant, Equitable Servitude and Real Covenant,
   Section 7.1, based on Applicant’s dual property ownership. Review of
   Memo, Exception Agreement, Residential Lease, and a draft version of
   the proposed trust.

B. Lois Major presented the request and suggested it be granted due to
   unusual circumstances and an end date to the request. Also, based on
   additional conditions to the request.

   Lynn Black moved to grant the exception with the conditions and the
   end date of September, 2026.
   Ross Herzog seconded the motion

   Motion passed 2 – 0

MOTION TO ADJOURN – 12:01p.m.

Respectfully submitted,

Jeanne Walker - SMRHA
To: SMRHA Board  
From: C. Kennington, SMRHA, Administrative Assistant  
Re: Request for an Exception to Section 2.1 Limitation on Purchase  
Date: August 8, 2019

Purpose: Alpine Chapel of Telluride purchase of 584 Society Drive

Overview:
Alpine Chapel would like to purchase 584 Society Drive, also known as LH 314-12, Elk Meadows for their current pastor and his family to live in.

The Craft family applied to purchase the above property on July 5, 2019 but withdrew the application when unable to obtain financing. Purchasing a cheaper unit was suggested and denied. Marty Stetina, representing Alpine Chapel, contacted SMRHA in regards to Alpine Chapel purchasing the unit. SMRHA was then advised by legal counsel an Exception Application and hearing would need to be completed before the application could be approved. A commitment to purchase was received from Land Title on July 12, 2019. Alpine Chapel of Telluride would like to purchase the property in full from community donations. The intended closing date is to be on September 12, 2019, upon exception determination.

SMRHA Analysis:

- Alpine Chapel of Telluride has submitted a complete purchase and exception application, including all fees.

- Alpine Chapel currently owns a 3bdr 1154 sq. ft. deed restricted affordable housing unit located at 122 S. Aspen St. in Telluride.

Similar Ownership
- Telluride Ski & Golf owns free market properties and are building deed restricted units for their employees in San Miguel County.

- Telluride R-1 School district has built deed restricted housing for their teachers in San Miguel County.
SMRHA Recommendations:

- Alpine Chapel of Telluride approval to purchase a cheaper deed restricted property within San Miguel County to reduce the impact on San Miguel County tax revenue.

- Upon approval of Alpine Chapel purchasing 584 Society Drive an agreement must be signed for the property taxes to be paid annually.

- Upon approval of Alpine Chapel purchasing 584 Society Drive the Craft family must be able to secure financing within a certain amount of time approved by the SMRHA Board, and purchase the property from Alpine Chapel.

- The Alpine Chapel agree to upholding a lease with the SMRHA approved renter, please review Section 3 below, of such purchased property based on employment with the church and enough time to find other housing if the employment is ever terminated.

- Alpine Chapel must have all rental applicants apply to SMRHA and supply updated leases on all of their rental properties to SMRHA.

- Alpine Chapel of Telluride to purchase a free market property, as there is no exception granted due to financial hardship per Section 8.3 below.

Potential Findings of Fact and Motions:

- Alpine Chapel of Telluride is a 501(c)(3) company, which is exempt from paying property taxes.

- Multiple housing authorities across Colorado, which include La Plata County, Aspen/Pitkin County, Breckenridge/Summit County, Estes Park and Vail, currently do not allow 501(c)(3) companies to purchase deed restricted affordable housing. The shared reason being housing authority funding is reliant on fees and taxes from the sale and ownership of the deed restricted units.

- 584 Society Drive is a 3bdr, 3 ½ba, 2350 sq. ft., 325 sf garage, & 4 decks, listed at $685,000.

- Per the estimate with current mill levy rate on 8/6/2019 approval of this exception will cost San Miguel County approximately $1660 annually in taxes. This estimate was done by the San Miguel County Assessor’s office.

- No other church owns deed restricted property in Mountain Village, Telluride, or San Miguel County.

- There are currently other free market and deed restricted properties available, please see Appendix A.

- Alpine Chapel has not been compliant with the Telluride deed restricted unit since the agreement recorded in 2010, Doc No. 412872. The only rental application ever received by SMRHA is due to the current exception process.
- In 2018 the Craft family income was 44% out of the R-1 Telluride School District, with the TAHG limit being 25%. Ongoing income will be within the compliant limits.

- The Craft family currently consists of a 3 member household per their application.

The SMRHA Board finds:

The SMRHA moves:

APPROVAL: I move that the SMRHA Board grants Alpine Chapel of Telluride an exception to Section 2.1 Limitation on Purchase if the information provided today corresponds with Section 8. Exceptions, with consideration to the above mentioned recommendations.

- Alpine Chapel of Telluride approval to purchase a cheaper deed restricted property within San Miguel County to reduce the impact on San Miguel County tax revenue.

- Upon approval of Alpine Chapel purchasing 584 Society Drive an agreement must be signed for the property taxes to be paid annually.

- Upon approval of Alpine Chapel purchasing 584 Society Drive the Craft family must be able to secure financing within a certain amount of time approved by the SMRHA Board, and purchase the property from Alpine Chapel.

- The Alpine Chapel agree to upholding a lease with the SMRHA approved renter, please review Section 3 below, of such purchased property based on employment with the church and enough time to find other housing if the employment is ever terminated.

- Alpine Chapel must have all rental applicants apply to SMRHA and supply updated leases on all of their rental properties to SMRHA.

DENIAL: No Motion Necessary and the request fails.

Right to Appeal.
Any person affected or aggrieved by this decision may appeal to the Board of County Commissioners, acting as the San Miguel County Housing Authority, as provided in Section IV of the Procedures.
Applicable Guidelines In Covenant:

Section 2. Purchasing the Subject Property.

2.1 Limitation on Purchase. Purchase of the Subject Property is limited to Qualified Purchasers and their Spouses. Although a Spouse of a Qualified Purchaser may take title to the Subject Property, a Spouse of a Qualified Purchaser is not a Qualified Purchaser unless he or she becomes an Ownership Applicant and independently receives approval as a Qualified Purchaser. The Administrator shall approve an Ownership Applicant as a Qualified Purchaser if the Ownership Applicant satisfies: (1) the Current Local Employee Standard; (2) the Retired or Disabled Local Employee Standard; or (3) the Alternative Standard. The Ownership Applicant must submit documentation sufficient for the Administrator to verify that he or she meets the applicable standard.

2.1.1 Current Local Employee Standard. The Ownership Applicant: (a) has maintained his or her Primary Residence within the Four County Region for at least eight of the twelve months immediately preceding the date that the Administrator receives the Ownership Applicant’s Purchase Application; (b) has earned Qualifying Income for at least 1032 hours of the twelve months immediately preceding the date that the Administrator receives his or her Purchase Application, and is currently earning Qualifying Income; and (c) for the particular eight to twelve months that establish the Ownership Applicant’s residency under Section 2.1.1(a) above, the Ownership Applicant’s Household Non-Qualifying Income calculated during that period does not exceed the Ownership Applicant’s Household Qualifying Income.

Section 3. Renting the Subject Property.

3.1 Subject Property Owner Approval to Rent. The Subject Property Owner may not rent or lease the Subject Property, or any portion of the Subject Property, for any amount of time, without written approval from the Administrator, which approval shall be in accordance with the terms of this Section 3. If the Subject Property Owner intends to continue to occupy the Subject Property as his or her Primary Residence and will share occupancy with the Qualified Tenant(s) then the Administrator shall issue a written approval to the Subject Property Owner to rent the Subject Property within five business days after the Subject Property Owner notifies the Administrator of the Subject Property Owner’s intent to rent the Subject Property. If the Subject Property Owner does not intend to occupy the Subject Property as his or her Primary Residence then the Subject Property Owner must comply with any other requirements pursuant to this Covenant prior to receiving an approval to rent from the Administrator. An approval to rent operates only to allow the Subject Property Owner to offer the Subject Property for rent. All potential Occupants must submit a Rental Application and receive approval as a Qualified Tenant prior to occupying the Subject Property.

3.2 Rental Regulations. Any advertisement to rent the Subject Property shall specify that all potential renters must receive approval as a Qualified Tenant prior to occupying the Subject Property. The Subject Property Owner shall provide the Administrator with a fully executed copy of the lease or other occupancy agreement no later than ten
business days after it is fully executed. The Subject Property Owner may not lease the Subject Property for a term of less than thirty days.

Section 8. **Exceptions.**

8.1 **Purchase, Rental, Ownership and Occupancy Requirements.** Any: (1) Ownership Applicant, Rental Applicant, Subject Property Owner or Occupant who does not meet one or more of the requirements for approval as a Qualified Purchaser, Qualified Tenant, Qualified Owner, or Qualified Occupant, respectively, may apply to the Administrator for an exception to any such requirement. The Administrator shall refer a copy of the proposed exception to any Association governing the Subject Property and the Association shall be given a reasonable opportunity to review and comment on the proposed exception prior to final review and action.

8.2 **Prohibition on Ownership of Other Residential Property.** Any Subject Property Owner or Occupant, or any such Subject Property Owner or Occupants’ Spouse or Dependent, who owns Residential Property in violation of Section 7.1, may apply to the Administrator for an exception.

8.3 **Standards for Granting an Exception.** The Administrator shall not grant an exception except upon a finding that the person requesting the exception has established compelling circumstances, which shall not include financial hardship, justifying the requested exception; and that granting the requested exception is consistent with the purpose and intent of this Covenant. When considering whether the requested exception is consistent with the purpose and intent of this Covenant as stated in Recital A, the Administrator shall consider the following guidance:

8.3.1 **Stable Resident Population.** This Covenant is intended to help preserve a stable resident population, strong sense of community, and socio-economic mix in the Telluride Region by ensuring a sufficient supply of housing that is affordable and responsive to the diverse needs of the various segments of the community employed in the Telluride R-1 School District.

8.3.2 **Deed Restricted Property Market.** This Covenant creates a housing market for employees in which sales prices directly relate to the income earned by those who live and work in the Telluride R-1 School District (Qualified Purchasers), while allowing customary free-market practices to influence the sale and rental of Deed Restricted Property as much as possible. Exceptions to this Covenant should be allowed only when the exception will not affect the correlation between local income levels and sales prices.
8.3.3 **Consistency and Uniformity.** Consistency and uniformity is of vital importance. It is only through consistent and uniform application of this Covenant that the Deed Restricted Property market will remain properly defined, thus allowing free-market forces to accurately regulate the sales prices of Deed Restricted Property.
Available Housing available for Purchase as of August 6, 2019 per MLS database and SMRHA website

1) 457 Mountain Village, $375,000, 2bdr, MLS# 36625
2) 135 San Joaquin Road, $695,000, 3bdr, MLS# 37025
3) 282 S Mahoney Drive, $785,000 ($769k original), 2bdr, MLS# 37104
4) 158 Alexander Overlook, $577,000, 4bdr, MLS# 37102 (deed restricted)
5) 150 2nd Street Placerville, $459,000, MLS# 37379
6) 20 Boulders Way, $639,000, 4bdr, MLS# 36855 (deed restricted)
7) 130 Trunk Rd, $575,000, 3bdr, MLS# 36827
8) 22120 CO-145 Placerville, $725,000, 4bdr, MLS# 36809
9) 186 Alexander Overlook, $595,000, 3bdr, MLS# 36230 (deed restricted)
10) 124 Village Lane Placerville, $795,000, 3bdr, MLS# 36542
11) 201 Hillside Lane, $775,000, 2bdr, MLS# 35372
12) 191 Trunk Lot 1 Shadahoochoi Road, $697,000, 3bdr, MLS# 35308
13) 106 Timberline Court, $449,000, 3bdr, For sale by owner
14) 519 Society Drive, $475,000, 3bdr, For sale by owner
Application for Exception to San Miguel County Amended and Restated Deed Restriction and Covenant

1. Please submit payment of the County’s One-Step Review Fee, which is $350 (payable to SMRHA) with this application.
2. Please make sure that all parties sign and date affidavit below.
3. Please submit to SMRHA at least 7 weeks prior to closing, ask about dates of meetings for which you will need to be available, and ask for staff assistance if you have questions about completing this application.
4. Please read page 3 for reference to Section 8 of the Covenant.

Name(s) of applicant(s): The Alpine Chapel of Telluride  Phone no. __________________________
Name in which title would be held: The Alpine Chapel of Telluride
Email address: pastor@thealpinechapel.com
Other Residential Property Ownership: If applicable, please list residential property that you currently own in San Miguel, Ouray, Dolores or Montrose counties (and attach recorded deed(s) containing legal description(s)): Church building located at 122 S. Aspen St. which includes a residential parsonage apartment above the church.

The property I currently own is:
☐ Deed Restricted  ☑ Free Market  ☐ Improved  ☐ Unimproved

If applicable, please list the residential property that you are under contract to purchase and the closing date (attach legal description): 584 Society Dr, Telluride, CO 81435

Closing date is 7/12/17

The property I plan to purchase is:
☑ Deed Restricted  ☐ Free Market  ☐ Improved  ☐ Unimproved

Affidavit below
(You may attach a typed or hand-written statement on a separate sheet):  

I, Stewart Seeligson, Chairman, hereby declare, under penalty of perjury, that the following are true statements:

a. Explain circumstances warranting an exception to the requirement(s) per Section 8 of the Covenant (may complete on separate sheet): The Alpine Chapel is a local Church that has been in Telluride for 25+ years, we are a 501(c)(3) corporation and are seeking to buy a deed restricted home in Lawson Hill to provide housing for our pastor and his family.
b. Provide an approximate timeline for your request (closing, inspection, mortgage, etc.):

We are under contract to purchase 584 Society Dr. Our due diligence deadlines (including title inspection, home inspection, any financing deadlines) expire 9/5/19. Our closing is scheduled for 9/12/19.

c. Describe the nature and extent of the applicant's community commitments and involvement:

Including, but not limited to; (1) provide place of worship for the community; (2) Friday Feasts (free dinners for locals); (3) Host Thanksgiving dinner at the THS; (4) Provide Griefshare Classes; (5) Provide a warming hut during Halloween; (6) Benevolence to the community; (7) Pastoral visits to the County Jail; (8) Pastoral consult w/ EMS; (9) Provide afterschool activities for children

Signature: ___________________________ Date: ____________

Printed name and title: Stewart Seelisser, Chairman

Signature: ___________________________ Date: ____________

Printed name and title: ___________________________
Section 8. Exceptions.

8.1 Purchase, Rental, Ownership and Occupancy Requirements. Any: (1) Ownership Applicant, Rental Applicant, Subject Property Owner or Occupant who does not meet one or more of the requirements for approval as a Qualified Purchaser, Qualified Tenant, Qualified Owner, or Qualified Occupant, respectively, may apply to the Administrator for an exception to any such requirement. The Administrator shall refer a copy of the proposed exception to any Association governing the Subject Property and the Association shall be given a reasonable opportunity to review and comment on the proposed exception prior to final review and action.

8.2 Prohibition on Ownership of Other Residential Property. Any Subject Property Owner or Occupant, or any such Subject Property Owner or Occupants’ Spouse or Dependent, who owns Residential Property in violation of Section 7.1, may apply to the Administrator for an exception.

8.3 Standards for Granting an Exception. The Administrator shall not grant an exception except upon a finding that the person requesting the exception has established compelling circumstances, which shall not include financial hardship, justifying the requested exception; and that granting the requested exception is consistent with the purpose and intent of this Covenant. When considering whether the requested exception is consistent with the purpose and intent of this Covenant as stated in Recital A, the Administrator shall consider the following guidance:

8.3.1 Deed Restricted Property Market. This Covenant creates a housing market for employees in which sales prices directly relate to the income earned by those who live and work in the Telluride R-1 School District (Qualified Purchasers), while allowing customary free-market practices to influence the sale and rental of Deed Restricted Property as much as possible. Exceptions to this Covenant should be allowed only when the exception will not affect the correlation between local income levels and sales prices.

8.3.2 Deed Restricted Property Market. This Covenant creates a housing market for employees in which sales prices directly relate to the income earned by those who live and work in the Telluride R-1 School District (Qualified Purchasers), while allowing customary free-market practices to influence the sale and rental of Deed Restricted Property as much as possible. Exceptions to this Covenant should be allowed only when the exception will not affect the correlation between local income levels and sales prices.

8.3.3 Consistency and Uniformity. Consistency and uniformity is of vital importance. It is only through consistent and uniform application of this Covenant that the Deed Restricted Property market will remain properly defined, thus allowing free-market forces to accurately regulate the sales prices of Deed Restricted Property.
AMENDED AND RESTATED
DEED RESTRICTION AND COVENANT
Lot _____, Lawson Hill, Elk Meadows Subdivision

THIS AMENDED AND RESTATED DEED RESTRICTION AND COVENANT (“Covenant”) is entered into as of ______________, 2019 (“Effective Date”), by and among the following persons and parties:

1. The County of San Miguel, State of Colorado acting by and through its Board of County Commissioners, whose address is P.O. Box 1170, 333 W. Colorado Ave., 3rd Floor, Telluride, Colorado 81435 (“County”);  
2. The San Miguel County Housing Authority, whose address is P.O. Box 1170, 333 W. Colorado Ave., 3rd Floor, Telluride, Colorado 81435 (“County Housing Authority”);  
3. Alpine Chapel of Telluride, (“Subject Property Owner”), whose current mailing address is as follows: __________________________, Telluride, Colorado 81435.

The County, County Housing Authority, and Subject Property Owner are sometimes individually referred to as a “Party” and sometimes collectively as the “Parties.” The Parties hereby agree as follows:

RECITALS

The Parties acknowledge and agree to the following Recitals and further agree that each Recital: (a) forms a portion of the basis of this Covenant; and (b) is incorporated in this Covenant.

A. This Covenant is intended to help preserve a sufficient supply of Deed Restricted Property to meet the needs of locally employed residents of the Telluride R-1 School District while allowing customary free-market (unrestricted) practices to influence the sale and rental of Deed Restricted Property as much as possible.

B. The Subject Property Owner is the current, fee simple owner of Lot _____, Lawson Hill PUD pursuant to the Subdivision Governing Documents, San Miguel County, Colorado (“Subject Property”).

C. The County granted its approval for the Subdivision within which the Subject Property is included, which approvals include the County PUD/Subdivision Approvals and other relevant approvals (“County Approvals”). The Subject Property is located within the Subdivision.

D. Through the implementation of the County Approvals, certain covenants were placed on the Subject Property, including the Original Plat Note. The Original Plat Note was intended to govern certain aspects of the ownership, use and occupancy of the Subject Property by requiring all such ownership, use and occupancy to comply with certain provisions of the San Miguel County Land Use Code, specifically the guidelines, rules and regulations contained in LUC Section 5-1305.

E. In addition to LUC Section 5-1305, which is referenced in the Original Plat Note, LUC Section 5-1306 also applies to the Subject Property and governs certain specific aspects of the ownership, use and occupancy of the Subject Property.

F. For purposes of simplicity and use in this Covenant, the Parties agree that for definitional purposes, the Original Plat Note, LUC Section 5-1305, LUC Section 5-1306 and any other related
documents, instruments or agreements restricting ownership, use and occupancy of the Subject Property, if any, are collectively referred to herein as the “Original Deed Restriction.”

G. The Original Deed Restriction continues to encumber the Subject Property and constitutes a covenant and restriction burdening the Subject Property and running with title to Subject Property.

H. The Parties intend that the purpose of this Covenant is to: (a) terminate and extinguish the Original Deed Restriction, except with respect to any Option to Purchase and/or any Co-Borrower Agreement; and (b) substitute the terms, conditions and restrictions contained in this Covenant for the terms, conditions and restrictions contained in the Original Deed Restriction, except with respect to any Option to Purchase and/or any Co-Borrower Agreement, which shall continue to be effective pursuant to its original terms and conditions. This Covenant, upon its execution by the Parties and recording in the public records of the San Miguel County Clerk and Recorder, shall hereafter govern certain of the terms and conditions of ownership, use and occupancy of the Subject Property by the Subject Property Owner, and the Subject Property Owner’s heirs, successors and assigns as addressed herein.

I. For the purposes set forth above and herein, the Subject Property Owner, the Subject Property Owner’s heirs, successors and assigns, and all persons acquiring an interest in the Subject Property, whether or not it shall be so expressed in any deed or other instrument of conveyance, shall be deemed to covenant and agree during the period of their ownership interest in the Subject Property, to hold their interest(s) subject to the covenants and restrictions contained in this Covenant, which shall be deemed to run with title to the Subject Property for the specified duration of the Covenant.

J. The Parties recognize and agree that the Subject Property may be included in one or more common interest ownership communities, each of which is governed by a Homeowners’ or Condominium Owners Association, and that the Homeowners’ or Condominium Owners Association has promulgated certain governing documents, including, without limitation, the Subdivision Governing Documents, that may further affect the use of the Subject Property. Nothing herein is intended to alter or diminish the respective duties and obligations of the Subject Property Owner to comply with any terms and conditions of such Subdivision Governing Documents that may be more restrictive than the terms and conditions of this Covenant.

K. Because ALPINE CHAPEL OF TELLURIDE’s ownership of Lot LH 314-12 is consistent with the County’s affordable housing goals, this Covenant is intended allow ALPINE CHAPEL OF TELLURIDE to own Lot LH314-12 and make it available (via sale or long-term rental) to ALPINE CHAPEL OF TELLURIDE employees pursuant to a real covenant imposed by ALPINE CHAPEL OF TELLURIDE, acceptable to the BOCC, without violating this Covenant.

L. Capitalized terms shall have the meanings set forth in Section 11 of this Covenant if not otherwise defined herein.

**COVENANT**

**NOW, THEREFORE,** in consideration of the foregoing Recitals, which are hereby incorporated in this Covenant as substantive provisions, the mutual covenants, restrictions and equitable servitudes stated herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby represent, covenant and agree as follows:
Section 1. **Deed Restriction.**

1.1. **Termination of Original Deed Restriction.**

1.1.1. Except as provided for below, all components of the Original Deed Restriction: (a) are each hereby forever terminated, extinguished and vacated and will no longer be considered a covenant or restriction burdening the Subject Property or binding the Subject Property Owner; (b) shall no longer have any force, effect, or legal significance with respect to the ownership, use and occupancy of the Subject Property; and (c) is replaced by this Covenant.

1.1.2. The foregoing provisions of Section 1.1.1 notwithstanding, the Parties intend that any Option to Purchase or Co-Borrower Agreement recorded before the Effective Date shall not be altered, amended, modified, terminated or otherwise extinguished by the execution of this Covenant and that the Option to Purchase will continue to apply to and affect the Subject Property in accordance with the terms and conditions stated in the Option to Purchase.

1.1.3. The foregoing provisions of Section 1.1.1 notwithstanding, the Parties further intend that: (a) no substantive rights of a Lender, if any existed under the Original Deed Restriction, are intended to be altered, amended, modified, terminated or otherwise extinguished by the execution of this Covenant; (b) no consent by the Lender is required by the County or is being obtained in connection with the execution of this Covenant; and (c) should a Lender at any time during the Term determine that Lender’s consent was required for this Covenant and the failure to obtain such Lender consent was determined to be an event of default under the documents evidencing the Secured Obligation, the Parties intend that this Covenant shall be terminated and extinguished from the Subject Property and that the Original Deed Restriction shall automatically apply to and become a covenant against the Subject Property until such time as Lender executes and delivers its consent to this Covenant. The Parties agree to cooperate and assist each other in executing any document necessary to evidence the reversion of the Covenant in the event of an objection by Lender.

1.2. **Establishment of the Covenant.**

1.2.1. As of the Effective Date, the terms and conditions of this Covenant shall completely and conclusively govern the ownership, use and occupancy of the Subject Property relative to the subject matter herein.

1.2.2. No subsequent changes that may be made to the Original Plat Note, or to LUC Sections 5-1305 or 5-1306 will have any affect or impact to this Covenant, including the ownership, use and occupancy of the Subject Property.

1.2.3. The Subject Property Owner shall not permit any ownership, use or occupancy of the Subject Property except in compliance with this Covenant.

1.2.4. The terms and conditions of this Covenant reflect the complete and entire understanding of the Parties with respect to the matters addressed herein and no other documents, laws, regulations, guidelines and the like shall be applied against Subject Property Owner in connection with its use of the Subject Property that purport to modify or amend the terms and conditions of this Covenant.

1.3. **Term.** The “Term” of this Covenant shall commence on the Effective Date and shall continue until May 18, 2042 (“Expiration Date”). At the option of the County, the duration of this Covenant may be extended after the Expiration Date for an additional period of fifty (50) years after public hearing and comment on the proposed extension. Any other amendment must be agreed to in writing by all Parties as provided for in this Covenant.
1.4. **Administration and Enforcement.** This Covenant shall be administered by the County or its designee ("Administrator"). This Covenant shall be enforceable by the County by any appropriate legal or equitable action, including but not limited to specific performance, injunction, abatement or eviction of non-complying Subject Property Owners or Occupants, or such other remedies and penalties as may be specified in this Covenant.

1.5. **Cost of Administration:** Application for Sale or Rent shall be accompanied by a fee of $50.00 for Regular Applications and $25.00 for Simplified Applications.

1.6. **Termination.** This Covenant shall not terminate except upon the occurrence of any one of the following events, at which time this Covenant shall be deemed to have automatically expired and either Party may, but need not, record a termination statement evidencing the termination:

1.6.1. **Expiration.** Expiration of the Term of this Covenant as set forth in Section 1.3.

1.6.2. **Foreclosure.** If an Option to Purchase has been executed and recorded, this Covenant may terminate in the manner provided for in the Option to Purchase.

1.6.3. **By the County.** The County expressly reserves the right to terminate this Covenant, including but not limited to the right to vacate and extinguish the effect of the terms, conditions, covenants and restrictions as it relates to the Subject Property by recording a “Termination of Amended and Restated Deed Restriction Covenant” in the Official Records executed by all of the then Subject Property Owners of the Subject Property and by the County.

1.7. **Limitation on Amendments to Covenant.**

1.7.1. This Covenant shall not be amended or modified without the prior, written consent of the Subject Property Owner and the County, in their respective, sole and exclusive discretion. Any proposed modification to this Covenant shall be first referred to all applicable Association’s governing the Subject Property and the Association(s) shall be given a reasonable opportunity to review and comment on the proposed amendment prior to its execution.

1.7.2. Nothing herein shall preclude the County from amending LUC Sections 5-1305 and 5-1306 from time to time, provided that no such amendments to LUC Sections 5-1305 and 5-1306 shall apply to or otherwise affect the use, ownership or occupancy of the Subject Property unless this Covenant is amended in writing to incorporate such amendments as agreed to by the Subject Property Owner and the County.

1.8. **Subject to Market Forces.** Except as specifically stated in this Covenant, resale of the Subject Property is subject to normal market forces. Nothing herein shall be construed to constitute a representation or guarantee by the County that on resale the Subject Property Owner shall obtain any profit, or return on investment. The Subject Property Owner hereby recognizes, acknowledges and understands that neither the County nor the Administrator is required or obligated in any manner to aid the Subject Property Owner in receiving any particular resale price. The Subject Property Owner further recognizes, acknowledges and understands that depending on market conditions at the time of resale, the Subject Property Owner may incur a loss upon resale of the Subject Property.

1.9. **Price Appreciation Caps.** The County will not enter into any agreement with the Subject Property Owner that imposes a Price Appreciation Cap on the Subject Property, unless the applicable Association(s) expressly agrees to such Price Appreciation Cap in writing. This provision does not preclude San Miguel County, as an owner, from negotiating a profit sharing requirement or any other mechanism to recoup its expenditure of funds during the resale of the Affordable Housing unit.
Section 2. **Purchasing the Subject Property.** TO BE EDITED AS APPROVED BY RHA BOARD

2.1. **Limitation on Purchase.** Purchase of the Subject Property is limited to Qualified Purchasers and their Spouses. Although a Spouse of a Qualified Purchaser may take title to the Subject Property, a Spouse of a Qualified Purchaser is not a Qualified Purchaser unless he or she becomes an Ownership Applicant and independently receives approval as a Qualified Purchaser. The Administrator shall approve an Ownership Applicant as a Qualified Purchaser if the Ownership Applicant satisfies: (1) the Current Local Employee Standard; (2) the Retired or Disabled Local Employee Standard; or (3) the Alternative Standard. The Ownership Applicant must submit documentation sufficient for the Administrator to verify that he or she meets the applicable standard.

2.1.1. **Current Local Employee Standard.** The Ownership Applicant: (a) has maintained his or her Primary Residence within the Four County Region for at least eight of the twelve months immediately preceding the date that the Administrator receives the Ownership Applicant’s Purchase Application; (b) has earned Qualifying Income for at least 1032 hours of the twelve months immediately preceding the date that the Administrator receives his or her Purchase Application, and is currently earning Qualifying Income; and (c) for the particular eight to twelve months that establish the Ownership Applicant’s residency under Section 2.1.1(a) above, the Ownership Applicant’s Household Non-Qualifying Income calculated during that period does not exceed the Ownership Applicant’s Household Qualifying Income, except for those who qualify under 2.1.2.

2.1.2. The following provisions shall apply to any buyer or renter for whom ALPINE CHAPEL OF TELLURIDE verifies in writing, to the SMRHA, that such buyer or renter is or will be a full time employee of ALPINE CHAPEL OF TELLURIDE (the “Written Verification”):

   a. ALPINE CHAPEL OF TELLURIDE and the SMRHA shall develop a simplified application form for use in conjunction with the Written Verification (the “Simplified Application”). Buyers and renters for whom Written Verification is provided shall submit the Simplified Application in lieu of the Deed Restriction Application.

   b. All applicants who are eligible for, and submit, a Simplified Application shall be deemed an “Employee” under this Covenant for purposes of obtaining a Certificate of Qualification and shall not be required to obtain an Exception Agreement from the SMCHA provided the buyer or renter satisfies all other provisions hereunder.

   c. Any buyer, except ALPINE CHAPEL OF TELLURIDE, for whom ALPINE CHAPEL OF TELLURIDE does not provide Written Verification shall not be eligible to submit a Simplified Application and shall comply with all provisions of the Covenant.

2.1.3. **Retired or Disabled Local Employee Standard.** The Ownership Applicant is Retired or is Disabled, and for at least five of the eight years immediately preceding the date that the Administrator receives their Purchase Application, the Ownership Applicant: (1) has maintained his or her Primary Residence within the Four County Region for at least eight months of each applicable year; (2) was earning Qualifying Income for at least 1032 hours of each applicable year; and (3) for each applicable year, the Ownership Applicant’s Household Non-Qualifying Income did not exceed the Ownership Applicant’s Household Qualifying Income.
2.1.4. **Alternative Standard.** For each of the three years immediately preceding the date that the Administrator receives their Purchase Application: (1) the Ownership Applicant has maintained his or her Primary Residence within the Telluride R-1 School District for at least eight months of each year; (2) the sum of the Ownership Applicant’s Household Qualifying Income and Household Non-Qualifying Income does not exceed 100% AMI for the applicable household size; and (3) the Ownership Applicant’s Total Household Assets amount to no more than two times the Contract Price of the Subject Property.

2.2. **Public Sector Employment.** An Ownership Applicant seeking approval as a Qualified Purchaser pursuant to the Current Local Employee Standard, and hired by a Public Sector Employer may not be required to meet the employment-term requirement, subject to the approval of the County.

2.3. **Co-Borrower.** A person who does not meet the requirements for approval as a Qualified Purchaser, but who is necessary as a co-borrower in order for an Ownership Applicant to obtain financing, may be listed on title to the Subject Property provided that: (1) the Ownership Applicant provides the Administrator with a letter from the Lender stating the co-borrower’s name and relationship to the Ownership Applicant, and that the co-borrower is necessary and must be listed on title in order for the Ownership Applicant to obtaining financing to purchase the Subject Property; and (2) the Ownership Applicant and the co-borrower enter into a Co-Borrower Agreement providing that, in the event the co-borrower takes full title to the Subject Property for any reason, the co-borrower shall notify the Administrator immediately, and shall either sell the Subject Property to a Qualified Purchaser or otherwise comply with the terms of this Covenant within one year of the date that the co-borrower takes full title.

Section 3. **Renting the Subject Property.**

3.1. **Subject Property Owner Approval to Rent.** The Subject Property Owner may rent or lease the Subject Property in accordance with the terms of this Section 3.

3.1.1. If the Subject Property is conveyed to a Qualified Owner other than the ALPINE CHAPEL OF TELLURIDE, that Qualified Owner may not rent or lease the Subject Property, or any portion of the Subject Property, for any amount of time, without written approval from the Administrator, which approval shall be in accordance with the terms of this Section 3. If the Subject Property Owner intends to continue to occupy the Subject Property as his or her Primary Residence and will share occupancy with the Qualified Tenant(s) then the Administrator shall issue a written approval to the Subject Property Owner to rent the Subject Property within five business days after the Subject Property Owner notifies the Administrator of the Subject Property Owner’s intent to rent the Subject Property. If the Subject Property Owner does not intend to occupy the Subject Property as his or her Primary Residence then the Subject Property Owner must comply with any other requirements pursuant to this Covenant prior to receiving an approval to rent from the Administrator. An approval to rent operates only to allow the Subject Property Owner to offer the Subject Property for rent. All potential Occupants must submit a Rental Application and receive approval as a Qualified Tenant prior to occupying the Subject Property.

3.2 **Rental Regulations.** Any advertisement to rent the Subject Property shall specify that all potential renters must receive approval as a Qualified Tenant prior to occupying the Subject Property. The Subject Property Owner shall provide the Administrator with a fully executed copy of the lease or other occupancy agreement no later than ten business days after it is fully executed. The Subject Property Owner may not lease the Subject Property for a term of
less than twelve months and shall not allow any such property to remain vacant for more than two months.

**Limitation on Rental Occupants.** Occupancy of the Subject Property pursuant to a lease, rental, or other occupancy agreement, is limited to Qualified Tenants. The Administrator shall approve a Rental Applicant as a Qualified Tenant if the Rental Applicant: (1) is earning Qualifying Income for an average of at least thirty hours per week, or (2) demonstrates an intent to earn Qualifying Income for an average of at least thirty hours per week. The Rental Applicant must submit documentation sufficient to verify compliance with the requirements for approval as a Qualified Tenant except for those who qualify under 2.1.2.

1.1. **No County Liability.** Nothing herein requires, or shall be construed to require the County or the Administrator, or any officer, director, employee, agent, designee, assignee, or successor thereof, to protect or indemnify the Subject Property Owner against any loss attributable to rental, including but not limited to non-payment of rent or damage to the Subject Property; nor shall the County or the Administrator, or any officer, director, employee, agent, designee, assignee, or successor thereof, be responsible for locating a Qualified Tenant to occupy the Subject Property in the event that the Subject Property Owner is unable to find a Qualified Tenant, or if a Qualified Tenant fails to occupy the Subject Property for the entire term of the lease.

Section 2. **Selling the Subject Property.** TO BE EDITED AS APPROVED BY RHA BOARD

2.1. **Listing the Subject Property.** In the event the Subject Property Owner desires to sell the Subject Property, the Subject Property Owner shall submit written notice to the Administrator of their intent to sell the Subject Property, which notice must be submitted at least five days prior to offering the Subject Property for sale. The Subject Property Owner may sell the Subject Property for sale by owner or list and sell the Subject Property through a real estate broker licensed in the state of Colorado.

2.1.1. **Repurchase of the Subject Property by ALPINE CHAPEL OF TELLURIDE.** In the event ALPINE CHAPEL OF TELLURIDE is the buyer, ALPINE CHAPEL OF TELLURIDE shall notify the SMRHA in writing of its intention to purchase no later than four weeks prior to closing on the property, but need not obtain approval from the SMRHA in order to purchase the property, which shall remain subject to the Covenant.

2.2. **County Transfer Fee.** Upon closing, the seller shall pay a County Transfer Fee to the County in an amount equal to 1% of the sales price. If the fee imposed by this Section 4.2 is not paid when due, then the fee, all costs of collection of the fee, and interest on the unpaid balance at a rate of 8% per year or at the statutory interest rate in C.R.S. § 5-12-102, as amended, whichever is less, shall constitute a perpetual lien on the Subject Property. The County may foreclose this lien in the same manner as property tax liens of the County.

2.3. **Waiver of County Transfer Fee.** The seller is not required to pay the County Transfer Fee if the seller has already purchased another Deed Restricted Property or if the seller purchases another Deed Restricted Property no more than six months after closing on the sale of the Subject Property. If the seller has not already purchased another Deed Restricted Property, the seller shall make arrangements, to the satisfaction of the Administrator, to place the County Transfer Fee in escrow, and the fee shall remain in escrow until the first to occur of the following two events: (1) The seller acquires title to another Deed Restricted Property within six months of closing on the sale of the Subject Property, and has not purchased any material interest in any other Residential Property in the Telluride R-1 School District in the interim, in which case the County Transfer Fee shall be refunded to the seller; or (2) The seller has not acquired title to another Deed Restricted Property within six months of closing on the sale of the Subject Property, in which case the County Transfer Fee shall be paid to the County.
Section 3. **Continuing Ownership.** TO BE EDITED AS APPROVED BY RHA BOARD

3.1. **Limitation on Continuing Ownership.** Ownership of the Subject Property is limited to Qualified Owners and their Spouses. The Administrator may, at any time: (1) require the Subject Property Owner to verify that he or she is a Qualified Owner, (2) require the Subject Property Owner to verify that any Occupant is a Qualified Occupant, (3) require the Subject Property Owner to verify that he or she has not defaulted in any Secured Obligation related to the Subject Property, and/or (4) require the Subject Property Owner to verify that he or she is otherwise fully compliant with this Covenant. The Subject Property Owner shall be given a reasonable time to respond to such requests.

3.2. **Approval as a Qualified Owner.** The Administrator shall approve a Subject Property Owner as a Qualified Owner if the Subject Property Owner satisfies: (1) the Continuing Residence Standard, and (2) the Continuing Employment Standard.

3.2.1. **Continuing Residence Standard.** The Subject Property Owner has occupied the Subject Property as his or her Primary Residence for at least eight of the twelve months immediately preceding the Compliance Date, as evidenced by documentation the Administrator may request, or, if acceptable to the Administrator, by an affidavit affirming the same.

3.2.2. **Continuing Employment Standard.** The Subject Property Owner supplies documentation that the Administrator acknowledges is sufficient to verify at least one of the following.

(a) The Subject Property Owner has been employed for at least 1032 hours of the twelve months immediately preceding the Compliance Date.

(b) The Subject Property Owner is Retired.

(c) The Subject Property Owner is at least 55 years of age and has maintained Primary Residence in the Telluride R-1 School District for a total of at least twenty years and has owned property subject to the County, Town of Telluride or Town of Mountain Village deed restriction, in compliance with the terms of such applicable deed restriction, for the five years immediately preceding the Compliance Date.

(d) The Subject Property Owner is the Spouse of a Qualified Owner.

(e) The Subject Property Owner is the surviving Spouse of a deceased Subject Property Owner.

(f) The Subject Property Owner is the former Spouse of a Qualified Owner and acquired title to the Subject Property as: (i) the Spouse of a Qualified Purchaser; (ii) the Spouse of a Qualified Owner; or (iii) pursuant to a court approved property settlement or other court order.

(g) The Subject Property Owner previously was a Qualified Owner, but is currently unemployed; provided that for at least eight of the twelve months immediately preceding the Compliance Date, the Subject Property Owner met the requirements for approval as a Qualified Owner and/or received unemployment benefits from the Colorado Department of Labor.
3.3. **Transfer of Title.** The Subject Property Owner must receive approval from the Administrator prior to entering into or executing any transaction that conveys title to an interest in the Subject Property, including but not limited to transfer of title to an Estate Planning Entity.

3.4. **Exemptions.** If the Subject Property Owner supplies documentation sufficient to verify any of the following, he or she shall be exempt from the Continuing Residence Standard, the Continuing Employment Standard, or both in accordance with the terms and conditions set forth below.

3.4.1. **Beneficiary Owner.** The Subject Property Owner is a Beneficiary Owner; provided that he or she notifies the Administrator within thirty days of the date that he or she acquires title to the Subject Property and the Administrator acknowledges receipt of the notification and sufficiency of the provided documentation. A Beneficiary Owner shall be exempt from both the Continuing Residence and Continuing Employment Standards, and shall be deemed a Qualified Owner for all purposes in connection with this Covenant, for one year after acquiring title to the Subject Property. Furthermore, a Beneficiary Owner shall receive an automatic Approval to Rent for one year after acquiring title to the Subject Property. After one year, a Beneficiary Owner must receive approval as a Qualified Owner or otherwise comply with the terms of this Covenant.

3.4.2. **Co-Borrower.** The Subject Property Owner is on title to the Subject Property as a Co-Borrower pursuant to Section 2.3. A Co-Borrower who is a Subject Property Owner shall be exempt from the Continuing Residence and Continuing Employment Standards as long as he or she is compliant with the terms of the Co-Borrower Agreement.

3.4.3. **Absence for Less than One Year.** The Subject Property Owner will be absent from the Four County Region for a period of time greater than four months but not greater than one year; provided that the Subject Property Owner notifies the Administrator at least one month before starting the leave of absence, and the Administrator acknowledges receipt of the notification and sufficiency of the provided documentation. The Subject Property Owner shall be exempt from both the Continuing Residence and Continuing Employment Standards for one year after the date the Subject Property Owner begins the leave of absence. The Subject Property Owner must receive approval as a Qualified Owner no later than one year after returning from the leave of absence.

3.4.4. **Military Service.** The Subject Property Owner will be absent from the Four County Region due to United States military orders, provided that: (1) the Subject Property Owner notifies the Administrator within five days of receiving the United States military order, and the Administrator acknowledges receipt of the notification and sufficiency of the provided documentation; (2) the Subject Property Owner maintains the Subject Property as their legal residence for tax purposes; (3) if the Subject Property Owner is registered to vote in San Miguel County at the time they receive the military orders, the Subject Property Owner maintains voter registration in San Miguel County; and (4) the Subject Property Owner receives approval as a Qualified Owner within one year after he or she is no longer under such United States military orders. The Subject Property Owner shall be exempt from both the Continuing Residence and Continuing Employment Standards for as long as the Subject Property Owner is unable to meet the standards due to United States military orders.

3.4.5. **Family Medical Need.** The Subject Property Owner does not, or will not reside, at the Subject Property in order to care for an Immediate Family member who has a Serious Health Condition, as defined in the Family and Medical Leave Act, 29 U.S.C. § 2611, as amended, provided, however, that the Subject Property Owner notifies the Administrator at least one month after he or she no longer occupies the Subject Property as his or her Primary Residence, and the Administrator acknowledges receipt of the notification and sufficiency of the provided documentation, which documentation, except as prohibited by applicable law, shall include documentation from the Immediate Family Member’s Health Care Provider, as defined in the Family and Medical Leave Act, 29 U.S.C. §
2611, as amended, evidencing the need for the Subject Property Owner’s absence. The Subject Property Owner must receive approval as a Qualified Owner within one year of when the Family Medical Need ceases.

3.4.6. **Disability.** The Subject Property Owner is Disabled, provided, however, that the Subject Property Owner notifies the Administrator within one month of when he or she no longer meets the Continuing Employment Standard and the Administrator acknowledges receipt of the notification and sufficiency of the provided documentation. The Subject Property Owner shall be exempt from the Continuing Employment Standard for as long as the Subject Property Owner is Disabled. The Subject Property Owner shall also be exempt from the Continuing Residence Standard for one year after the date he or she provides the Administrator with the notice required herein.

Section 4. **Continuing Occupancy.**

4.1. **Limitation on Continuing Occupancy.** Occupancy of the Subject Property is limited to Qualified Owners and their Spouses, and to Qualified Occupants. The Administrator may, at any time, require any Occupant to verify that he or she is a Qualified Occupant and/or is otherwise fully compliant with this Covenant.

4.2. **Approval as a Qualified Occupant.** The Administrator shall approve an Occupant as a Qualified Occupant if the Occupant does not own or control any interest or right in the Subject Property whatsoever, and provides documentation that the Administrator acknowledges is sufficient to verify that the Occupant: (1) is under twenty-one years of age; (2) is a member of the Qualified Owner’s Immediate Family; (3) is Disabled; or (4) is earning Qualifying Income for an average of at least thirty hours per week. Examples of such documentation are set forth in the Procedures.

4.3. **Effect of Failure to Receive Approval as Qualified Occupant.** In the event an Occupant fails to receive approval as a Qualified Occupant, such failure shall constitute a violation of this Covenant by both the Occupant and the Subject Property Owner.

Section 5. **Ownership of Other Residential Property Prohibited.**

5.1. **Prohibition.** Subject Property Owners and Occupants, as well as their Spouses and Dependents, if any, may not own more than a 10% interest, direct or indirect, in other Residential Property in the Telluride R-1 School District. This prohibition includes partial or full corporate ownership established to provide a beneficial interest sufficient to permit the use and occupancy by the owner or part-owner of such property. Except as otherwise provided in this Section 7, and unless granted an exception pursuant to Section 8, failure to comply with this Section 7.1 is a violation of this Covenant and shall be addressed in accordance with the provisions of Section 9 of this Covenant.

5.2. **Definitions.** The following definitions shall apply to this Section 7.

5.2.1. **Acquisition Date.** The date on which the Subject Property Owner acquires title to the Subject Property.

5.2.2. **Appraised Value.** The value of the Subject Property arrived at by the process described in Section 7.4.

5.3. **Grace Period for Qualified Purchasers.** If an Ownership Applicant is approved as a Qualified Purchaser and he or she, or any other Subject Property Owner, or any Occupant, or the Spouse or Dependent of the Qualified Purchaser or of any other Subject Property Owner or Occupant owns more than a 10% interest, direct or indirect, in other Residential Property in the Telluride R-1 School District
on the Acquisition Date, the Subject Property Owner shall have a grace period of one year from the Acquisition Date to sell the other Residential Property or obtain an exception pursuant to Section 8.

5.4. **Appraisal.** If the Subject Property Owner has not sold the other Residential Property or obtained an exception within nine months after the Acquisition Date, the Subject Property Owner shall immediately retain a real property appraiser licensed in the State of Colorado to provide a value of the Subject Property at the Subject Property Owner’s expense. The Subject Property Owner shall provide that value to the Administrator no later than ten months after the Acquisition Date and the Administrator shall inform the County of the Subject Property Owner’s submitted value. If the County does not dispute the Subject Property Owner’s submitted value, then that value shall be deemed the Appraised Value. If the County does dispute the accuracy of the Subject Property Owner’s submitted value, the County shall retain its own licensed real property appraiser to appraise the value of the Subject Property at the County’s expense. If the two values differ by $10,000 or less, the average of the two values shall be deemed the Appraised Value. If the two values differ by more than $10,000, the two appraisers shall select a third appraiser to appraise the Subject Property at the equal expense of the Subject Property Owner and the County, and the average of the three values shall be deemed the Appraised Value. If the Subject Property Owner fails to submit their value to the Administrator within the required time period, the Administrator shall so notify the County and the County shall retain its own licensed real property appraiser to appraise the value of the Subject Property at the Subject Property Owner’s expense and that value shall be deemed the Appraised Value.

5.5. **Sale of Subject Property at Expiration of Grace Period.** If, at the expiration of the grace period provided for in Section 7.3, the Subject Property Owner has not sold the other Residential Property, obtained an exception, or otherwise complied with this Covenant, the Subject Property Owner shall immediately list the Subject Property for sale at a price not to exceed 90% of the Appraised Value and shall accept the first offer that complies with the Complying Offer Terms. If the accepted offer does not result in a sale of the Subject Property, then the Subject Property Owner shall accept the next offer that meets the Complying Offer Terms until either the Subject Property is sold or the Subject Property Owner obtains an exception or otherwise complies with this Covenant.

5.6. **Further Price Reductions.** If the Subject Property Owner has not sold the other Residential Property, obtained an exception, or otherwise complied with the terms of this Covenant within fifteen months after the Acquisition Date, the Subject Property Owner shall immediately lower the listing price of the Subject Property, which shall not exceed 90% of the Appraised Value, by an amount that is 3% of the Appraised Value, and shall continue to lower the listing price of the Subject Property by the same amount (3% of the Appraised Value) every three months thereafter until the Subject Property Owner has sold the other Residential Property, obtained an exception, or otherwise complied with the terms of this Covenant; except, however, the Subject Property Owner is not required to lower the listing price below 60% of the Appraised Value. If the Subject Property Owner fails to comply with the provisions of this Section 7, the County may, at its option, purchase the Subject Property for 75% of the Appraised Value.

Section 6. **Exceptions.**

6.1. **Purchase, Rental, Ownership and Occupancy Requirements.** Any: (1) Ownership Applicant, Rental Applicant, Subject Property Owner or Occupant who does not meet one or more of the requirements for approval as a Qualified Purchaser, Qualified Tenant, Qualified Owner, or Qualified Occupant, respectively, may apply to the Administrator for an exception to any such requirement. The Administrator shall refer a copy of the proposed exception to any Association governing the Subject Property and the Association shall be given a reasonable opportunity to review and comment on the proposed exception prior to final review and action.
6.2. **Prohibition on Ownership of Other Residential Property.** Any Subject Property Owner or Occupant, or any such Subject Property Owner or Occupants’ Spouse or Dependent, who owns Residential Property in violation of Section 7.1, may apply to the Administrator for an exception.

6.3. **Standards for Granting an Exception.** The Administrator shall not grant an exception except upon a finding that the person requesting the exception has established compelling circumstances, which shall not include financial hardship, justifying the requested exception; and that granting the requested exception is consistent with the purpose and intent of this Covenant. When considering whether the requested exception is consistent with the purpose and intent of this Covenant as stated in Recital A, the Administrator shall consider the following guidance:

6.3.1. **Stable Resident Population.** This Covenant is intended to help preserve a stable resident population, strong sense of community, and socio-economic mix in the Telluride Region by ensuring a sufficient supply of housing that is affordable and responsive to the diverse needs of the various segments of the community employed in the Telluride R-1 School District.

6.3.2. **Deed Restricted Property Market.** This Covenant creates a housing market for employees in which sales prices directly relate to the income earned by those who live and work in the Telluride R-1 School District (Qualified Purchasers), while allowing customary free-market practices to influence the sale and rental of Deed Restricted Property as much as possible. Exceptions to this Covenant should be allowed only when the exception will not affect the correlation between local income levels and sales prices.

6.3.3. **Consistency and Uniformity.** Consistency and uniformity is of vital importance. It is only through consistent and uniform application of this Covenant that the Deed Restricted Property market will remain properly defined, thus allowing free-market forces to accurately regulate the sales prices of Deed Restricted Property.

Section 7. **Violations and Remedies.**

7.1. **Notification of Violation.** In the event an alleged violation of this Covenant is discovered, whether pursuant to a procedure or provision herein, from a citizen complaint, or by other means, the Administrator shall send a written notice of such violation to all Subject Property Owners of the Subject Property, and if applicable, to Occupants of the Subject Property. The notice shall state: (1) the nature of the alleged violation; (2) the specific provisions of this Covenant that the Subject Property Owner and/or Occupant has allegedly violated; (3) the steps required by the Subject Property Owner and/or Occupant to cure the violation; (4) the remedies that the County may pursue if the alleged violation is not cured; (5) the reasonable timeframe within which the Subject Property Owner and/or Occupant must cure the alleged violation; (6) that the Subject Property Owner and/or Occupant has a right to request a hearing before the Administrator to determine the merits of the allegations and to discuss potential remedies; (7) that the Subject Property Owner and/or Occupant must notify the Administrator that he or she requests such a hearing no later than fifteen days after receiving the notice; and (8) that the alleged violation will be considered conclusively determined if the Subject Property Owner and/or Occupant does not request such a hearing.

7.2. **Public Hearing.** All materials that any party wants the Administrator to consider at a hearing pursuant to Section 9.1 must be submitted to the Administrator no later than ten working days before the date of the hearing. Unless prohibited by law, all submitted materials will be included in the public record for the hearing. At the conclusion of the hearing, the Administrator shall: (1) find the alleged violation conclusively determined, (2) find that the alleged violation lacks merit, or (3) continue the hearing to a specified date and time.
7.3. **Definitions.** The following definitions shall apply to this Section 9.

7.3.1. **Appraised Value.** The value of the Subject Property arrived at by the process described in Section 9.4.1.

7.3.2. **Violation Date.** The date on which a violation is conclusively determined.

7.4. **Procedure for Subject Property Owner to Cure Violation.** If a violation is conclusively determined with respect to the Subject Property Owner, the Subject Property Owner shall have one year from the Violation Date to cure the violation.

7.4.1. **Appraisal.** If the Subject Property Owner has not cured the violation within nine months after the Violation Date, the Subject Property Owner shall immediately retain a real property appraiser licensed in the State of Colorado to provide a value of the Subject Property at the Subject Property Owner’s expense. The Subject Property Owner shall provide that value to the Administrator no later than ten months after the Violation Date and the Administrator shall inform the County of the Subject Property Owner’s submitted value. If the County does not dispute the Subject Property Owner’s submitted value, then that value shall be deemed the Appraised Value. If the County does dispute the accuracy of the Subject Property Owner’s submitted value, the County shall retain its own licensed real property appraiser to appraise the value of the Subject Property at the County’s expense. If the two values differ by $10,000 or less, the average of the two values shall be deemed the Appraised Value. If the two values differ by more than $10,000, the two appraisers shall select a third appraiser to appraise the Subject Property at the equal expense of the Subject Property Owner and the County, and the average of the three values shall be deemed the Appraised Value. If the Subject Property Owner fails to submit their value within the required time period, the Administrator shall so notify the County and the County shall retain its own licensed real property appraiser to appraise the value of the Subject Property at the Subject Property Owner’s expense and that value shall be deemed the Appraised Value.

7.4.2. **Sale of Subject Property to Cure Violation.** If the Subject Property Owner has not cured the violation within one year after the Violation Date, then the Subject Property Owner shall immediately list the Subject Property for sale at a price not to exceed 90% of the Appraised Value and shall accept the first offer that complies with the Complying Offer Terms. If the accepted offer does not result in a sale of the Subject Property, then the Subject Property Owner shall accept the next offer that meets the Complying Offer Terms until either the Subject Property is sold or the Subject Property Owner otherwise cures the violation.

7.4.3. **Further Price Reductions.** If the Subject Property Owner has not cured the violation within fifteen months after the Violation Date, the Subject Property Owner shall immediately lower the listing price of the Subject Property, which shall not exceed 90% of the Appraised Value, by an amount that is 3% of the Appraised Value, and shall continue to lower the listing price of the Subject Property by the same amount (3% of the Appraised Value) every three months thereafter until the Subject Property is sold or the Subject Property Owner otherwise cures the violation; except, however, the Subject Property Owner is not required to lower the listing price below 60% of the Appraised Value. If the Subject Property Owner fails to comply with the provisions of this Section 9, the County may, at its option, purchase the Subject Property for 75% of the Appraised Value.

7.5. **Procedure for Occupant to Cure Violation.** If a violation is conclusively determined with respect to an Occupant, the Occupant shall have sixty days from the date that the Occupant received the notice required by Section 9.1 to cure the violation. If the Occupant has not cured the violation at the end of this sixty-day period, then the Occupant shall immediately vacate the Subject Property. An Occupant’s violation of this Covenant also constitutes a violation by the Subject Property Owner.
7.6. **Noncompliant Transfer Voidable.** Title to the Subject Property, whether in whole or in part, shall not be sold or otherwise conveyed except in accordance with this Covenant. In the event the Subject Property is sold or otherwise conveyed in any manner that is not in accordance with this Covenant, such sale or conveyance shall be voidable at the County’s option. If such sale or conveyance is declared void it shall confer no title whatsoever upon the purported transferee.

7.7. **Additional Remedies.** In the event of default by any Party, to any section of this Covenant, any other Party to this Covenant, following notice and opportunity to cure, may pursue all available remedies, including but not limited to an action for specific performance, injunctive relief and/or damages. The remedies provided for herein are cumulative in nature. Personal jurisdiction and venue for any civil action commenced by any Party to this Covenant, whether arising out of or relating to this Covenant, will be deemed to be proper only if such action is commenced in the District Court for San Miguel County, Colorado. This Covenant shall be governed by and construed in accordance with the laws of the State of Colorado. The prevailing Party in any action arising from this Covenant shall recover their costs, fees and expenses, including reasonable attorney fees and expert witness fees, from the other Party. No failure by any Party hereto to exercise any right that it may have pursuant to this Covenant shall be deemed a waiver of that right, or of the right to demand exact compliance with the terms of this Covenant, or of any other right expressly or implicitly granted herein.

Section 8. **Documentation and Notices.**

8.1. **Documentation.** The Administrator must be able to verify the truth and authenticity of any documentation submitted pursuant to this Covenant, and may refuse to accept any documentation that is not reasonably verifiable by an independent and reliable source. Furthermore, the submitted documentation must be reasonably sufficient for the Administrator to find that, as a whole, it establishes compliance with the applicable standard or requirement. Any person who submits documentation pursuant to this Covenant shall submit an affidavit along with the documentation, stating that all such documentation is true and accurate. If any documentation is determined to be inaccurate, the person who submitted such documentation is subject to disqualification from the application and/or approval process.

8.1.1. **Privilege or Disclosure Otherwise Prohibited by Law.** Any person who, in connection with the procedures contained in this Covenant, references customers and/or clients with whom he or she has a relationship that is subject to a legal privilege, such as the attorney-client, therapist-client, or physician-patient privilege shall not, in any event, be required to disclose the names or any other identifying information of such customers and/or clients. In this case, the person shall provide all of the required documentation but shall rename all clients as “Client 1,” “Client 2,” etc. Furthermore, no person shall be required to submit or disclose any documentation, the submission or disclosure of which is prohibited by law.

8.1.2. **Confidentiality.** The Administrator shall review and maintain all financial information, business client information, and any other information required by law to be kept confidential, that is submitted pursuant to the terms of this Covenant, in absolute and strict confidence. Under no circumstance shall any such confidential information be purposefully disclosed in any manner to any person other than the County, the Administrator the San Miguel County Attorney, the San Miguel County Administrator, or any other person or entity with the consent of the person who submits the information, provided that such disclosure is not otherwise prohibited by law.

8.2. **Notices.** Any notice in connection with this Covenant shall be in writing, addressed to the appropriate Party, and shall be delivered in person, by overnight delivery or courier service, or by the United States Postal Service certified mail, return receipt requested, and with adequate postage prepaid. Such notice shall be deemed delivered at the time of personal delivery, or, if mailed, on the date postmarked, but if mailed the time period for any required response shall run from the date of receipt by
the addressee, as evidenced by the return receipt. Rejection or other failure by the addressee to accept the notice, or the inability to deliver the notice because of a change of address of which no notice was given, shall be deemed receipt of the notice on the third day following the date postmarked. The addresses of the Parties to which notice is to be sent shall be those set forth below. A Party may change their address only by providing written notice of such change to all other Parties.

<table>
<thead>
<tr>
<th>If to Subject Property Owner:</th>
<th>If to County:</th>
</tr>
</thead>
<tbody>
<tr>
<td>c/o Alpine Chapel of Telluride</td>
<td>Mailing Address:</td>
</tr>
<tr>
<td>See address listed above in introductory paragraph</td>
<td>Office of the County Attorney</td>
</tr>
<tr>
<td></td>
<td>P.O. Box 791</td>
</tr>
<tr>
<td></td>
<td>Telluride, CO 81435</td>
</tr>
<tr>
<td></td>
<td>Phone: 970-728-3879</td>
</tr>
<tr>
<td></td>
<td>Fax: 970-728-3718</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:attorney@sanmiguelcounty.org">attorney@sanmiguelcounty.org</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If to Administrator:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>San Miguel Regional Housing Authority</td>
<td></td>
</tr>
<tr>
<td>820 Black Bear Road</td>
<td></td>
</tr>
<tr>
<td>P.O. Box 840</td>
<td></td>
</tr>
<tr>
<td>Telluride, CO 81435</td>
<td></td>
</tr>
<tr>
<td>Phone: 970-728-3034</td>
<td></td>
</tr>
<tr>
<td>Fax: 970-728-5371</td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:admin@smrha.org">admin@smrha.org</a></td>
<td></td>
</tr>
</tbody>
</table>

8.3. **County Assistance and Financial Counseling upon Default of Secured Obligation.** Any Subject Property Owner who receives notification of a past due payment(s), a default in payment, or a default of any other obligation due or to be performed pursuant to a Secured Obligation, shall notify the Administrator, who shall in turn notify the County no later than two weeks after the Subject Property Owner received such notification. Subject to availability of funds, the County may, in its sole discretion, provide temporary financial assistance and/or financial counseling to the Subject Property Owner, which assistance shall be subject to terms and conditions the County deems necessary, including, but not limited to provisions for the Subject Property Owner to repay the County. A Subject Property Owner is encouraged to make the Administrator aware of these circumstances as early as possible to best allow the County to determine if any such assistance is feasible, it being recognized that the longer the default exists, the less likely it is that the County can provide assistance. Nothing herein shall obligate the County to provide such assistance.

Section 9. **Definitions.**

The Parties acknowledge and agree to the following definitions and further agree that each definition: (a) forms a portion of the basis of this Covenant; and (b) is incorporated in this Covenant. As used in this Covenant, the following definitions shall be given the meaning ascribed to the term as the same are stated below:

9.1. **Administrator.** The County or the County’s designee.

9.2. **AMI.** The area median income for San Miguel County, Colorado based on the most recently published area median income limits established by the United States Department of Housing and Urban Development.

9.3. **Application Fee.** The fee, in an amount set by County resolution, paid to the Administrator to process any application submitted pursuant to this Covenant.

9.4. **Assets.** With respect to any person or entity, anything that has tangible or intangible value, including property of all kinds, both real and personal; includes among other things, patents and causes of
action that belong to any person, as well as any stock in a corporation and any interest in the estate of a
decedent; also, the entire property of a person, association, corporation, or estate that is applicable or
subject to the payment of debts. Assets shall include funds or property held in a living trust or any similar
entity or interest, where the person has management rights or the ability to apply the assets to the payment
of debts. Except, however, Assets shall not include pension plans, 401a plans, 401k plans, IRAs, or other
similar retirement accounts, provided that the Ownership Applicant is not eligible to take a distribution
therefrom without penalty.

9.5. **Beneficiary Owner.** A Subject Property Owner who is not a Qualified Owner, and who
acquires title to the Subject Property as the result of the death of the deceased Subject Property Owner,
whether though joint tenancy, a will, the intestacy provisions of the Colorado probate code or other
applicable law, or the provisions of an Estate Planning Entity.

9.6. **Co-Borrower Agreement.** An agreement by which a person is permitted to be on title to
the Subject Property without otherwise meeting the terms for approval as a Qualified Purchaser or
Qualified Owner in order to assure that a Qualified Purchaser or Qualified Owner is able to secure a loan.

9.7. **Compliance Date.** The date on which the Administrator notifies the Subject Property
Owner and/or Occupant(s) that he or she must verify compliance with the terms of this Covenant and
receive approval as a Qualified Owner or Qualified Occupant.

9.8. **Complying Offer Terms.** An offer to acquire the Subject Property that is for cash (e.g. does
not require Subject Property Owner to carry back seller-financing) that is equal to or exceeds the current
listing price of the Subject Property, and that proposes a closing of not later than 90 days from the offer
date.

9.9. **Contract Price.** The price of the Subject Property as identified on a Colorado Real Estate
Commission approved form for the purchase and sale of the Subject Property that is fully executed
between the current Subject Property Owner and any given Ownership Applicant.

9.10. **Contributing Occupant.** An Occupant who is, or who will be, contributing funds towards
the acquisition of the Subject Property or towards payments on a Secured Obligation encumbering the
Subject Property.

9.11. **County.** The County of San Miguel, State of Colorado, acting by and through its Board of
County Commissioners or as the San Miguel County Housing Authority.

9.12. **County PUD/Subdivision Approvals.** The approvals granted for the Lot Q Lawson Hill
Subdivision by the County and reflected by the Subdivision Governing Documents as well as by certain
resolutions concerning the Lot Q Lawson Hill Subdivision recorded in the Official Records.

9.13. **County Transfer Fee.** A fee in an amount equal to one percent of the Contract Price that
the seller of the Subject Property shall pay to the Administrator upon closing of a sale of the Subject
Property.

9.14. **Deed Restricted Property.** Any property in unincorporated San Miguel County that is
subject either to the Original Deed Restriction, or to a real covenant, equitable servitude, or other
agreement in favor of the County, and restricting the ownership, use and occupancy of such property to
persons who satisfy certain requirements, terms, and/or qualifications.
9.15. **Dependent.** Any person who can be claimed as a Qualifying Child or Qualifying Relative on another’s federal tax return.

9.16. **Disabled.** A person who receives Social Security Disability, Worker’s Compensation for Permanent Total Disability, and/or disability payments through any other official state or federal disability program.

9.17. **Domestic Partnership.** A relationship between two individuals of the same or opposite sex in which: (1) each individual is at least eighteen years of age; (2) neither individual is legally married to another person or in a Domestic Partnership with another person; (3) the individuals are not related by blood closer than would bar marriage in the state of Colorado; (4) the individuals share a mutual obligation of support and responsibility for each other’s welfare; and (5) the individuals are financially interdependent as documented by at least two of the following arrangements: (a) common ownership of real property or a common leasehold interest in real property; (b) common ownership of a motor vehicle; (c) a joint bank account or a joint credit account; (d) designation as a beneficiary for life insurance or retirement benefits, or under a will; (e) assignment of durable power of attorney; or (f) such other proof that the Administrator deems sufficient to establish financial interdependency.

9.18. **Estate Planning Entity.** A trust, family limited partnership or similar entity created and funded by a Qualified Owner and controlled by such Qualified Owner until that Qualified Owner’s death or disability.

9.19. **Four County Region.** San Miguel County, Montrose County, Ouray County and Dolores County, all in the State of Colorado.

9.20. **Homeowners’ Association or Condominium Association (“Association”).** An association of owners organized under § 38-33.3-301, C.R.S., as amended.

9.21. **Household Non-Qualifying Income.** The combined Non-Qualifying Income of all Ownership Applicants, their Spouses, and Contributing Occupants.

9.22. **Household Qualifying Income.** The combined Qualifying Income of all Ownership Applicants, their Spouses, and Contributing Occupants.

9.23. **Immediate Family.** A person’s parents, Spouse, children, and siblings; and a person’s Spouse’s parents, children and siblings. The terms “parents,” “children,” and “siblings” includes step-relatives, adopted/adoptive relatives and foster relatives.

9.24. **Lender.** An individual or company that has loaned funds to the Subject Property Owner for the purpose of financing some portion of the Subject Property Owner’s acquisition of the Subject Property, which loan is secured by a Secured Obligation duly recorded against the Subject Property.

9.25. **Liabilities.** With respect to any person or entity, the total amount owed on obligations that legally bind the person or entity to settle a debt.


9.27. **Net Assets.** With respect to any person or entity, Assets minus Liabilities.
9.28. **Non-Qualifying Income.** All income that is not Qualifying Income. With respect to any person or entity, Non-Qualifying Income includes, but is not limited to, any money, and the cash value of any goods or services in lieu of money, received from any source whatsoever, including but not limited to remuneration for labor, products or services; money received from governmental assistance programs; tax refunds; prize winnings; gifts; pensions; investments; and money, or goods or services in lieu of money, received from any other source. Except, however, Non-Qualifying Income shall not include any of the following: (a) income taxed by the federal government but not distributed to such person or entity, or funds distributed to cover the anticipated tax liability of the non-distributed income, but only to the extent that such funds do not exceed the tax liability of the non-distributed income; or (b) equity from the proceeds of a sale of the Ownership Applicant’s previous Primary Residence that was sold within the twelve months immediately preceding the date that the Administrator receives the Ownership Applicant’s Purchase Application or (c) a gift or any other funds up to 30% of the Contract Price of the Subject Property.

9.29. **Occupant.** Any person who occupies the Subject Property as his or her Primary Residence but who has no ownership interest in the Subject Property.


9.31. **Option to Purchase.** A separately executed and recorded agreement providing the County with an option to purchase the Subject Property under certain specified circumstances. The Subject Property may or may not be subject to an Option to Purchase. As stated in Section 1.1, this Covenant does not affect the rights of any party to any Option to Purchase and does not affect the rights of any Lender.

9.32. **Original Plat Note.** That certain plat note included on the County PUD/Subdivision Approvals for the Subdivision, which plat note restates LUC § 5-1304 as it existed on the date the plat was recorded.

9.33. **Ownership Applicant.** Any person who desires to purchase the Subject Property and who submits a Purchase Application and pays the appropriate Application Fee.

9.34. **Price Appreciation Cap.** A percentage limit on the amount that the Subject Property can appreciate by each year, which is intended to artificially lower the property value in order to maintain its affordability for certain owners and occupants. For example, if a property is purchased for $100,000 with a Price Appreciation Cap of 3% per year, after one year, the owner may sell it for $103,000; after five years the owner may sell it for $112,551; after ten years the owner may sell it for $130,477, etc. Nothing herein is intended to establish a Price Appreciation Cap on the Subject Property.

9.35. **Primary Residence.** A person’s principal or primary home or place of abode, meaning that home or place of abode in which a person’s habitation is fixed and to which that person, whenever absent, has the present intention of returning after a departure or absence therefrom, regardless of the duration of such absence. In determining what is a person’s principal or primary home or place of abode, the following circumstances relating to such person may be taken into account: business pursuits, employment, income sources, residence for income or other tax purposes, age, marital status, residence of Immediate Family, if any, leaseholds, situs of personal and real property, and motor vehicle registration.

9.36. **Procedures.** The uniform procedures adopted pursuant to Section 12.3.
9.37. **Public Sector Employer.** The state of Colorado and its agencies and entities, counties, cities, cities and counties, municipal corporations, quasi-municipal corporations, school districts, and irrigation, reservoir, and drainage conservation companies or districts organized and existing under the laws of the state of Colorado.

9.38. **Purchase Application.** The form that an Ownership Applicant submits to the Administrator to request approval as a Qualified Purchaser, and which requires certain documentation and information necessary to determine if the Ownership Applicant satisfies the requirements for approval as a Qualified Purchaser. The Ownership Applicant must verify that all information provided in the Purchase Application is true and accurate. If any of the information is determined inaccurate or non-verifiable, the Ownership Applicant may be subject to disqualification.

9.39. **Qualified Occupant.** Any person who is not the Subject Property Owner, and who occupies the Subject Property as his or her Primary Residence in compliance with this Covenant.

9.40. **Qualified Owner.** Any person or entity with an ownership interest in the Subject Property, who maintains such ownership in compliance with this Covenant as provided for in Section 5; or the County, the Town of Telluride, or the Town of Mountain Village.

9.41. **Qualified Purchaser.** An Ownership Applicant who has received approval pursuant to the terms of this Covenant to purchase the Subject Property; or the County, the Town of Telluride, or the Town of Mountain Village.

9.42. **Qualified Tenant.** A Rental Applicant who has received approval pursuant to the terms of this Covenant to occupy the Subject Property pursuant to a rental or lease agreement executed by the Rental Applicant and the Qualified Owner. A person who receives approval as a Qualified Tenant must meet the requirements for approval as a Qualified Occupant for as long as they occupy the Subject Property.

9.43. **Qualifying Income.** Income earned from employment that either requires one’s physical presence in the Telluride R-1 School District or that necessitates one’s physical presence in the Telluride R-1 School District in order to provide goods or services to residents or visitors in the Telluride R-1 School District.

9.44. **Rental Applicant.** Any person who desires to occupy the Subject Property pursuant to a lease or rental agreement to be executed by the Rental Applicant and a Qualified Owner, and who submits a Rental Application and pays the appropriate Application Fee.

9.45. **Rental Application.** The form that a Rental Applicant submits to the Administrator to request approval as a Qualified Tenant, which requires certain documentation and information necessary to determine if the Rental Applicant satisfies the requirements for approval as a Qualified Tenant. The Rental Applicant must verify that all information provided in the Rental Application is true and accurate. If any of the information is determined to be inaccurate or non-verifiable, the Rental Applicant may be subject to disqualification.

9.46. **Residential Property.** (1) An individual residential dwelling that is developed with open yards on all sides of the dwelling unit, including all manufactured housing (pursuant to C.R.S. 30-28-115(3)) and all mobile homes on permanent foundations, but not including recreational or other wheeled vehicles; (2) a residential dwelling unit in a structure containing two or more such units, the living spaces of which are individually owned, the balance of the property (both land and building) is owned either in
common by the owners of the individual units or by an association consisting of such owners; (3) one of at least two individually owned, unconnected residential dwelling units located on property owned either in common by the owners of such units or by an association consisting of such owners; or (4) a legally created parcel of land shown with a separate and distinct number or letter on a subdivision plat recorded in the Official Records, or a parcel described by metes and bounds with access to at least one dedicated public right-of-way and held under separate ownership; and that is zoned for Residential Use.

9.47. **Residential Use.** Real property that is used or legally could be used for non-commercial dwelling purposes.

9.48. **Retired.** A person who is more than 59 years of age and is receiving pension benefits, retirement benefits, IRA disbursements, or Social Security retirement benefits.

9.49. **Secured Obligation.** Any payment or other material obligation due to be performed under a promissory note secured by a deed of trust, mortgage, or other security instrument, encumbering the Subject Property.

9.50. **Spouse.** One’s husband or wife by lawful marriage, or a person with whom one is a member of a Domestic Partnership.

9.51. **Subdivision.** The subdivision of land reflected in the County PUD/Subdivision Approval, which was established pursuant to the Subdivision Governing Documents.

9.52. **Subdivision Governing Documents.** The Subdivision was created pursuant to that certain General Declaration and Final Plat(s), as the same may be amended or supplemented from time to time, as described on attached Exhibit “A”.

9.53. **Subject Property Owner.** The person(s) or entity identified as such in this Covenant, inclusive of his/her/their heirs, successors, personal representatives, assigns, designees, lessees, licensees, grantees, transferees, or any other person or entity who has a present right to possess, use or convey a legally recognized and protected interest in the Subject Property.

9.54. **Telluride Region.** The area identified as such in the San Miguel County Master Plan.

9.55. **Total Household Assets.** The combined Net Assets of all Ownership Applicants and Contributing Occupants.

**Section 10. General Provisions.**

10.1. **Recording of Covenant.** This Covenant shall be recorded in the Official Records upon execution.

10.2. **Covenant Running With the Land - Binding Effect.** Each and every conveyance of the Subject Property, for all purposes, shall be deemed to include this Covenant and to fully incorporate all terms of this Covenant by this reference. This Covenant constitutes a real covenant and equitable servitude that runs with the Subject Property through the expiration of the Term and burdens the Subject Property for the benefit of the County, and shall be binding on the Subject Property Owner, and on the heirs, personal representatives, assigns, lessees and licensees, any transferee of the Subject Property Owner, and any other person or entity who becomes the Subject Property Owner of the Subject Property.
10.3. **Procedures.** The Parties recognize and agree that the County may from time to time adopt uniform procedures intended to further implement the provisions of this Covenant, including the administration of appeals to any decision rendered pursuant to this Covenant. The Procedures shall not materially differ from or alter any of the terms and conditions of this Covenant. Prior to adoption of the Procedures, the County shall make materials available for reasonable public review and comment and reasonable notice of the proposed action and right to review and comment shall be given the Subject Property Owner. The Procedures, when adopted, shall be made available at the County and Administrator offices.

10.4. **Further Actions.** The parties to any agreement contemplated under this Covenant 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 Covenant or any agreement or document relating hereto or entered into in connection herewith.

10.5. **Gender and Number.** Whenever the context so requires in this Covenant, 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.

10.6. **Non-discrimination.** No person shall be discriminated against on the basis of race, national origin, sex, color, creed or physical infirmity.

10.7. **Personal Liability.** The Subject Property Owner shall be personally liable for any violations of this Covenant.

10.8. **Severability.** Should a court of competent jurisdiction find and determine that a specific provision or provisions of this Covenant are legally void, invalid, or otherwise unenforceable, such specific provision or provisions shall be deemed to be severable from the remainder of this Covenant, which shall remain legally valid and in full force and effect.

10.9. **Successors.** Except as otherwise provided herein, the provisions and covenants contained in this Covenant shall inure to and be binding upon the heirs, successors and assigns of the Parties.

10.10. **Waiver.** No claim of waiver, consent or acquiescence with respect to any provision of this Covenant shall be valid against any Party hereto, except on the basis of a written instrument executed by the Parties hereto. Nothing in this Covenant shall be deemed to waive or otherwise limit any defenses or immunities that may be available to the County or the Administrator under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101. et seq., or other applicable law.

10.11. **Counterparts.** This Covenant may be executed in multiple counterparts or by legible facsimile copy, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same instrument. The facsimile transmission of a signed copy hereof or of any notice to be given to the other Party or his or her agent, shall be considered valid and constitute a signed original. A signed “hard copy” of the Covenant shall not be necessary, but may be executed by the Parties.

10.12. **No Third Party Benefit.** Except as herein provided, no person or entity, other than a Party to this Covenant, shall have any right of action under this Covenant. It is the express intent of the Parties hereto that any person or entity who is not a Party to this Covenant, but who receives services or benefits under this Covenant, shall be deemed an incidental beneficiary only.
10.13. **Integration.** This Covenant constitutes the entire integrated understanding of the Parties regarding the subject matter set forth herein and no prior or contemporaneous promise, representation, term, condition, or understanding shall be of any legal force or effect, unless embodied herein in writing, or in a written amendment mutually agreed to by the Parties.

10.14. **Captions.** Captions are for convenience only and are not to be construed as defining or limiting in any way the scope of intent of the provisions of such Sections.
IN WITNESS WHEREOF, the Parties have executed this Covenant as of the Effective Date.

The persons executing this Covenant on behalf of the respective Parties to this Covenant hereby warrant and affirm their authority to enter into this Covenant on behalf of the named Parties hereto and warrant and affirm their authority to bind the named Parties hereto to all terms, conditions, and obligations contained in this Covenant.

SAN MIGUEL COUNTY, COLORADO: 
BOARD OF COUNTY COMMISSIONERS 
OF THE COUNTY OF SAN MIGUEL, 
STATE OF COLORADO

By: ________________________________ Date: ________________________________

Chair

ATTEST: ________________________________

Chief Deputy Clerk

STATE OF COLORADO )
) ss.
COUNTY OF SAN MIGUEL )

Acknowledged, subscribed and sworn to before me this ___ day of ________________, 20___, by ________________________________, as Chair of the Board of Commissioners of San Miguel County, Colorado, and by ________________________________, as Chief Deputy Clerk to the Board of County Commissioners of San Miguel County, Colorado.

Witness my hand and official seal.

______________________________
Notary Public

______________________________
Date Commission Expires
ADMINISTRATOR:

SAN MIGUEL COUNTY HOUSING AUTHORITY

By: _______________________________ Date: _______________________________
    Chair

STATE OF COLORADO )
    ) ss.
COUNTY OF SAN MIGUEL )

Acknowledged, subscribed and sworn to before me this ____ day of ________________, 20___, by
__________________________________________, as Chair of the San Miguel County Housing Authority.

Witness my hand and official seal.

_________________________________________                     Date Commission Expires
    Notary Public

Page 24 of 25
SUBJECT PROPERTY OWNER

By: ___________________________ Date: ___________________________

______________________________
Printed Name

STATE OF COLORADO  
) ss.
COUNTY OF SAN MIGUEL  

Acknowledged, subscribed and sworn to before me this ____ day of ________________, 20___, by ___________________________.

Witness my hand and official seal.

________________________________________
Notary Public  Date Commission Expires

SUBJECT PROPERTY OWNER

By: ___________________________ Date: ___________________________

______________________________
Printed Name

STATE OF COLORADO  
) ss.
COUNTY OF SAN MIGUEL  

Acknowledged, subscribed and sworn to before me this ____ day of ________________, 20___, by ___________________________.

Witness my hand and official seal.

________________________________________
Notary Public  Date Commission Expires
COLORADO RESIDENTIAL LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into this 12th day of September 2019, by and between The Alpine Chapel of Telluride (hereinafter "Landlord") and Michael and Kelli Craft (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord is the fee owner of certain real property being, lying and situated in San Miguel County, Telluride, Colorado 81435 such real estate being known as 584 Society Dr., Telluride, CO 81435 (hereinafter the “Property”).

WHEREAS, Landlord is desirous of leasing the Property to the Tenant upon the terms and conditions as contained herein (hereinafter the “Property”)

WHEREAS, Tenant is desirous of leasing the Property from Landlord on the terms and conditions as contained herein.

NOW, THEREFORE, for and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. TERM. Landlord leases to Tenant and Tenant leases from Landlord the above described Property together with any and all appurtenances thereto commencing on September 12, 2019 and continuing for as long as Michael Craft is the Pastor of The Alpine Chapel.

2. RENT. The rent shall have an attributable value of $2,250.00 per month and shall be included as part of Michael Craft’s compensation package with The Alpine Chapel.

3. USE OF PROPERTY. The Property shall be used and occupied by Tenant as a private single family dwelling,

4. CONDITION OF PROPERTY. Landlord represents and warrants that prior to the commencement of the Lease Term, the Property shall be thoroughly and professionally cleaned and shall remain in good order, repair and in a safe, clean and tenantable condition during the Lease Term.

5. UTILITIES. Utilities shall be paid for by the Landlord.
6. **INSPECTION OF PROPERTY.** Landlord shall have the ability during the term of this Agreement and any renewal thereof to enter the Property for the purpose of making repairs for the Tenant so long as the Tenant approves and is given at least 24 hours notice.

7. **SUBORDINATION OF LEASE.** This Agreement and Tenant’s interest hereunder are and shall be subordinate, junior and inferior to any and all mortgages, liens or encumbrances now or hereafter placed on the Property by Landlord, all advances made under any such mortgages, liens or encumbrances (including, but not limited to, future advances), the interest payable on such mortgages, liens or encumbrances and any and all renewals, extensions or modifications of such mortgages, liens or encumbrances.

8. **SURRENDER OF PROPERTY.** In the event Michael Craft resigns from his position as Pastor of The Alpine Chapel or is terminated therefrom, Tenant shall surrender the Property in as good a state and condition as it was at the commencement of this Agreement, reasonable use and wear and tear thereof and damages by the elements accepted.

9. **QUIET ENJOYMENT.** Tenant shall and may peacefully and quietly have, hold and enjoy said Property for the term hereof.

10. **INDEMNIFICATION.** Landlord shall not be liable for any damage or injury of or to the Tenant, Tenant’s family, guests, invitees, agents or employees or to any person entering the Property or the building of which the Property are a part or to goods or equipment, or in the structure or equipment of the structure of which the Property are a part, and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any and all claims or assertions of every kind and nature, unless such damage or injury is caused by Landlord’s negligence.

Tenant shall not be liable for any damage or injury of or to the Landlord, Landlord’s family, guests, invitees, agents or employees or to any person entering the Property or the building of which the Property are a part or to goods or equipment, or in the structure or equipment of the structure of which the Property are a part, and the Landlord hereby agrees to indemnify, defend and hold Tenant harmless from any and all claims or assertions of every kind and nature, unless such damage or injury is caused by the Tenant’s negligence.

11. **DEFAULT.** If Tenant shall fail to comply with any lawful Term, condition, covenant, obligation or agreement expressed herein or implied hereunder or with any terms of his employment with The Alpine Chapel, the Landlord without necessity or requirement of making any entry may (subject to the Tenant’s rights under applicable law) terminate this Lease by:
1. a thirty (30) day written notice to Tenant to vacate the Leased Property in case of any breach hereof.

Any termination under this section shall be without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of any of the said terms, conditions, covenants, obligations or agreements.

12. GOVERNING LAW. This Agreement shall be governed, construed and interpreted by, through and under the Laws of the state of Colorado.

13. SEVERABILITY. If any provision of this Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

14. BINDING EFFECT. The covenants, obligations and conditions herein contained shall be binding on and inure to the benefit of the heirs, legal representatives, and assigns of the parties hereto.

15. DESCRIPTIVE HEADINGS. The descriptive headings used herein are for convenience of reference only and they are not intended to have any affect whatsoever in determining the rights or obligations of the Landlord or Tenant.

16. CONSTRUCTION. The pronouns used herein shall include, where appropriate, either gender or both, singular and plural.

17. NON-WAIVER. No indulgence, waiver, election or non-election by Landlord under this Agreement shall affect Tenant’s duties and liabilities hereunder.

18. MODIFICATION. The parties hereby agree that this document contains the entire agreement between the parties and this Agreement shall not be modified, changed, altered or amended in any way except through a written amendment signed by all of the parties hereto.

19. NOTICE. Any notice required or permitted under this Lease or under state law shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to: If to Tenant to:
The Alpine Chapel Michael and Kelli Craft
P.O. Box 2701 P.O. Box 2701
Telluride, CO 81435 Telluride, CO 81435
TERMS HEREOF AGREED TO THIS 2nd day of August 2019, as evidenced by our signs and seals below:

LANDLORD:

____________________________________
The Alpine Chapel of Telluride

TENANT:

____________________________________
Michael and Kelli Craft
October 22, 2018

To: Whom It May Concern  
From: Douglas B. Lohrey  
Re: Operating Under CBGC 501(c)(3)  

This is to inform you that The Alpine Chapel, Telluride, Colorado is in affiliation with, is a cooperating church of, and operates in accordance with the constitution and by-laws of the Colorado Baptist General Convention. The Convention is a non-profit corporation and is a cooperating body of churches whose purpose is to provide a means by which these churches and agencies encourage and assist one another in fulfilling the Great Commission.

The Alpine Chapel, Telluride, Colorado is authorized to operate under our 501(c)(3).

[Signature]

DOUGLAS B. LOHREY  
Chief Financial Officer
COLORADO BAPTIST GENERAL CONVENTION
7393 S ALTON WAY
CENTENNIAL CO 80112-2302

Employer identification number: 84-0453847
Group exemption number: 1635

Dear Taxpayer:

This is in response to your request dated Mar. 12, 2018, for information about your tax-exempt status.

Our records indicate we issued a determination letter to you in JULY 1957, and you're currently exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also recognized the subordinates on the list you submitted as exempt from federal income tax under IRC Section 501(c)(3).

For federal income tax purposes, donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106 and 2522.

Please refer to www.irs.gov/charities for information about filing requirements. Specifically, IRC Section 6033(j) provides that, if you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

In addition, each subordinate organization is subject to automatic revocation if it doesn't file a required return or notice for three consecutive years. Subordinate organizations can file required returns or notices individually or as part of a group return.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).