

TELLURIDE HOUSING GUIDELINES TOWN DEVELOPED OR FINANCED HOUSING PROJECTS

Adopted by Telluride Housing Authority on December 20, 2005

Approved by Telluride Town Council on December 20, 2005

SECTION 1: PURPOSE

The Purpose of the Telluride Housing Guidelines is to establish the standards and procedures for initial and subsequent sales of for-sale, deed-restricted housing units constructed, financed or otherwise produced by the Town of Telluride in order to permanently protect affordable home ownership opportunities. .

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

SECTION 2: APPLICABILITY

These Guidelines apply to the purchase, sale, transfer, assignment or conveyance of housing constructed, financed or otherwise produced by the Town of Telluride, unless specifically exempted by the Town Council. The Guidelines may be amended pursuant to Section 9. Owners and purchasers of Deed Restricted Housing Units are subject to the Guidelines in effect at the time of purchase.

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SECTION 4 HOUSEHOLD QUALIFICATIONS/OCCUPANCY STANDARDS

Eligibility Criteria

Households must meet all of the following Eligibility Criteria to be eligible to acquire or occupy a Housing Unit as defined herein. Eligibility Criteria differs between units that are targeted to different eligibility tiers, as noted below.

The existence of more than one tier of eligibility does not guarantee that the Town or THA will construct or otherwise make available housing in that tier. Nothing in this policy shall be read to imply any limits on the discretion of Town and/or THA to make such a decision or to use criteria not included in this policy.

Tier 1

A. Income:

1. Household income shall not exceed the 120th percentile of AMI for San Miguel County as identified in most current information available from the Colorado Housing and Finance Authority (CHFA).
2. No more than 25% of Household income may be from non-employment sources.

B. Assets/Household Total Net Worth:

1. Total Household Net Worth shall not exceed two times the Original Purchase Price (OPP) of the units. All Household members' shares of business assets, including real estate, shall be included in determination of total household net worth. Total household net worth of all purchasers shall be combined in determination of total personal net worth. See Definitions Section for further information.

2. Ownership of Property: At the time of application, a Household may own other undeveloped or developed residential or commercial property. The fair market value of such property will be taken into consideration when determining Assets/Household Total Net Worth. A Household will be able to maintain ownership of Other Property that is commercial. If the property is developed residential property, as a condition of the Household purchasing the Housing Unit, the Household will be required to enter into a contractual agreement between the Town of Telluride, or its designee, and the Household setting forth the terms of the agreement to sell the property. The Household will be required to sell this property within one year of taking title to the Housing Unit, as set forth in subsection (a) below. If the property is undeveloped residential property within San Miguel, Montrose, Dolores, Ouray, San Juan, Montezuma, Delta, Hinsdale, Gunnison, and La Plata Counties in Colorado, and San Juan County in Utah, as a condition of the Household purchasing the Housing Unit, the Household will be required to enter into a contractual agreement between the Town of Telluride, or its designee, and the Household setting forth the terms of the agreement to sell the property. The Household will be required to sell this property within one year of taking title to the Housing Unit. The Household must:

1. Submit a \$50.00 application fee to THA; and

2. List the other property for sale, at a sales price comparable to like units or properties in the area in which the property or dwelling unit is (are) located, prior to, or at the time of, closing on the Housing Unit; and
3. Provide THA with an appraisal of the property, and upon sale, provide THA with a copy of the recorded closing documents indicating the sales price; and
4. The Applicant may rent the property prior to its sale.

In the event the property or unit has not been sold by the Applicant prior to closing on the Housing Unit, it must remain listed until sold.

C. Disposition of Assets: Any member of a Household who has assigned, conveyed, transferred or otherwise disposed of property within the last two years without fair consideration in order to meet the net asset limitation or the property ownership limitation shall be ineligible.

D. Employment:

1. At least one individual in a Household must demonstrate at least 1400 hours and twelve months of employment within the previous sixteen months within the boundaries of the Telluride R-1 School District. Up to ten percent (10%) of the required hours per year may be filled by verifiable volunteer community service within those same boundaries; or

2. At least one individual in a Household demonstrate at least 1400 hours of employment for any each of the five (5) of the previous seven (7) years within the boundaries of the Telluride R-1 School District. Up to ten percent (10%) of the required hours per year may be filled by verifiable volunteer community service within those same boundaries;

E. Other Household Status:

A Household will qualify if a Household member is Disabled or Elderly and the Household has been residing within the boundaries of the Telluride R-1 School District for at least five (5) of the previous seven (7) years, or 12 months within the previous sixteen months immediately prior to the effective date of application for purchase of a Housing Unit.

F. Appropriate Size: The total number of people in a Household must be appropriate for the available unit size. Household size must fall within the limit below:

Unit Size:	Minimum Household Size:
1 Bedroom	1 person
2 Bedroom	1 person
3 Bedroom	2 persons
4 Bedroom	3 persons

Tier 2

A. Income:

1. Household income shall not exceed the 150th percentile of AMI for San Miguel County as identified in most current information available from the Colorado Housing and Finance Authority (CHFA).

2. No more than 25% of Household income may be from non-employment sources.

B. Assets/Household Total Net Worth:

1. Total Household Net Worth shall not exceed two times the Original Purchase Price(OPP) of the units. All Household members' shares of business assets, including real estate, shall be included in determination of total household net worth. Total household net worth of all purchasers shall be combined in determination of total personal net worth. See Definitions Section for further information.

2. **Ownership of Property:** At the time of application, a Household may own other undeveloped or developed residential or commercial property. The fair market value of such property will be taken into consideration when determining Assets/Household Total Net Worth. A Household will be able to maintain ownership of Other Property that is commercial. If the property is developed residential property, as a condition of the Household purchasing the Housing Unit, the Household will be required to enter into a contractual agreement between the Town of Telluride, or its designee, and the Household setting forth the terms of the agreement to sell the property. The Household will be required to sell this property within one year of taking title to the Housing Unit, as set forth in subsection (a) below. If the property is undeveloped residential property within San Miguel, Montrose, Dolores, Ouray, San Juan, Montezuma, Delta, Hinsdale, Gunnison, and La Plata Counties in Colorado, and San Juan County in Utah, as a condition of the Household purchasing the Housing Unit, the Household will be required to enter into a contractual agreement between the Town of Telluride, or its designee, and the Household setting forth the terms of the agreement to sell the property. The Household will be required to sell this property within one year of taking title to the Housing Unit. The Household must:

1. Submit a \$50.00 application fee to THA;

2. List the property for sale, at a sales price comparable to like units or properties in the area in which the property or dwelling unit is (are) located, prior to, or at the time of, closing on the Housing Unit; and,

3. Provide THA with an appraisal of the property, and upon sale, provide THA with a copy of the recorded closing documents indicating the sales price; and

4. The Applicant may rent the other property prior to its sale.

In the event the property or unit has not been sold by the Applicant prior to closing on the Housing Unit, it must remain listed until sold.

C. Disposition of Assets: Any member of a Household who has assigned, conveyed, transferred or otherwise disposed of property within the last two years without fair consideration in order to meet the net asset limitation or the property ownership limitation shall be ineligible.

D. Employment:

1. At least one individual in a Household must demonstrate at least 1400 hours and twelve months of employment within the previous sixteen months within the boundaries of the Telluride R-1 School District. Up to ten percent (10%) of the required hours per year may be filled by verifiable volunteer community service within those same boundaries; or

2. At least one individual in a Household demonstrate at least 1400 hours of employment for any of the five (5) of the previous seven (7) years within the boundaries of the Telluride R-1 School District. Up to ten percent (10%) of the required hours per year may be filled by verifiable volunteer community service within those same boundaries;

E. Other Household Status:

A Household will qualify if a Household member is Disabled or Elderly and the Household has been residing within the boundaries of the Telluride R-1 School District for at least 12 months within the previous sixteen months immediately prior to the effective date of application for purchase of a Housing Unit.

F. Appropriate Size: The total number of people in a Household must be appropriate for the available unit size. Household size must fall within the limit below:

Unit Size:	Minimum Household Size:
1 Bedroom	1 person
2 Bedroom	1 person
3 Bedroom	2 persons
4 Bedroom	3 persons

OCCUPANCY STANDARDS

A. Principal Place of Residence: Upon purchase of Housing Unit, the Owner must make the Housing Unit their principle place of residence.

B. Leave Of Absence: In the event a Household wishes to not occupy the unit for a period of time exceeding three (3) months, he/she may apply to THA for a leave of absence for a term not to exceed two (2) years. The Household must provide clear and convincing evidence showing both a bona fide reason for leaving and a commitment to re-occupy the deed restricted unit. THA may condition the granting of the leave of absence on the Household's offering the unit for rent to a Qualified Household, agreeable to the Household, during the period of the requested leave.

C. The Town may apply additional, or modify, occupancy standards on a project specific basis pursuant to Section 9, amendments.

SECTION 5 VERIFICATION OF QUALIFICATIONS

A. Verification of Qualification standards including Income, Occupancy and Employment will be done upon the initial application to THA, accompanied by payment of a \$25.00 application fee. THA will require a sworn statement of the facts of the Household's situation. THA may request any combination of documentation reasonably related to proof of income,

assets, and employment. Household shall sign a release of information so that THA may obtain such information.

B Any material misstatement of fact or deliberate fraud by the Household in connection with any information supplied by to THA shall be cause for immediate expulsion from the application process and/or forced sale of the Housing Unit. In addition, any material misstatement of fact or deliberate fraud by the Household shall be considered a violation of the Town of Telluride Land Use Code, which provides for additional penalties in such cases.

C. THA requires all owners of Housing Units to maintain eligibility on an on-going basis. THA may request reasonable, on-going verification compliance with eligibility criteria.

D. THA may perform random audits and investigate complaints or reports of non-compliance on an on-going basis.

E. THA may require at any time that an Owner verify within 21 days of such request by THA that the Household is a "Qualified Household."

F. HOMEOWNERS ASSOCIATION DUES: The Housing Unit may be subject to a Homeowners Association. HOA dues are authorized in Colorado under Section 38-33.3-101 et seq., Colorado Revised Statutes. All Owners of Housing Units are required to pay HOA dues, if applicable, unless otherwise exempted. Please be aware that HOA dues may be substantial.

SECTION 6: SALE AND RESALE OF HOUSING UNITS

GENERAL:

Sales and purchases of Housing Units are subject to price and appreciation limitations. The "Original Purchase Price" shall mean initial and subsequent purchaser's actual purchase price and it shall be documented and attached to the deed restriction for the Housing Unit. The Original Purchase Price will become the basis for determination of the Maximum Resale Price when an owner notifies THA staff of the intent to sell the Housing Unit. THA does not make any guarantees of the owner's ability to sell the Housing Unit for its Maximum Resale Price

MAXIMUM RESALE PRICE:

1. Maximum Resale Price [MRP] shall be calculated by multiplying the Original Purchase Price [OPP] by the factors of section A. below. OPP's shall be recorded in the Deed Restriction for the unit. The OPP is specific to each transaction. A property sale generates a new OPP.

The MRP shall be the OPP specified in the Deed Restriction:

A. PLUS, the lesser of:

(i) The OPP of the Housing Unit plus an increase in price of three percent (3%) per year from the date of purchase to the date of Owner's notice of intent to sell (compounded annually and prorated at the rate of .25 percent per each whole month of any part of a year); or

(ii) The greater of: (1) The amount based on the Consumer Price Index, All Items, Denver-Boulder-Greeley CO, Urban Wage Earners and Clerical Workers (CPI-W) calculated as follows: the Original Purchase Price of the Affordable Housing Unit multiplied by the CPI-W index last

published prior to the date of the Owner's notice of intent to sell, divided by the CPI-W as of the date of purchase, compounded annually (in no event shall the multiplier be less than one); or (2) the amount based on the Consumer Price Index, All Items, the U.S. City Average, Urban Wage Earners and Clerical Workers (CPI-W) or its successor index, published by the U.S. Department of Labor, Bureau of Labor Statistics, calculated as follows: The Original Purchase Price of the Housing Unit multiplied by the CPI-W last published prior to the date of the Owner's notice of intent to sell, divided by the CPI-W as of the date of purchase, compounded annually (in no event shall the multiplier be less than one).

B. PLUS, the costs of any public improvements for which assessments were imposed by any municipal special improvement district as created by or with the Town since the recordation date of the deed restriction;

C. PLUS, the costs of capital improvements, not to exceed five percent (5%) of the OPP or as determined by the Town on a project specific basis, which have been approved by THA or its designee and properly permitted and inspected by the Town of Telluride Building Official. Capital Improvements are defined in the Definitions Section. Approval/disapproval must be determined prior to actual construction to be considered at time of sale.

D. PLUS, the costs of capital improvements which exceed five percent (5%) of the OPP or as determined by the Town on a project specific basis, and, if necessary, which have been properly permitted and inspected by the Town of Telluride Building Official and which have been documented by the Owner and approved and determined THA to benefit the affordable housing program through increasing the unit's capacity to house additional occupants. In no case shall capital improvements exceed thirty percent (30%) of the Original Purchase Price. See Capital Improvements in the Definitions section for complete details.

E. PLUS, any other costs allowed by THA or Town pursuant to policies in effect on the date of Household's notice of intent to sell EXCEPT as described below.

2. The language in the Deed Restriction shall be the final determination of Maximum Resale price.

SALE PROCEDURES:

All Housing Units shall be sold in accordance with applicable wait list, lottery, or other selection procedures as determined by the Town.

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

- i. Seller may advertise, market and sell a unit directly; or
- ii. Seller may list the unit with a real estate broker licensed to do business in the State of Colorado; Real estate commissions are NOT included in the Maximum Resale Price and cannot be passed on to the Purchaser.

2. **Privy to Sales Contract:** Seller shall make THA privy to the sales contract by signing a release of information in favor of THA. It is necessary for THA to be privy to the sales contract to protect the integrity of the affordable housing program. All financial information shall remain confidential.

3. **Consult with Staff:** Sellers of Housing are advised to consult with THA staff prior to offering a Housing Unit for sale, in order to obtain the most current information about applicable Housing Guidelines and Wait List processes, and to verify the allowed maximum sale price of the unit and other applicable provisions of the Deed Restriction concerning the sale. Actual notice of intent to sell a Housing Unit must be given in writing to THA at least 60 days prior to the sale of the unit. Notice forms are available from THA staff.

4. **Independent Legal Counsel.** All Sellers and Purchasers of Housing Units are advised to consult independent legal counsel regarding the examination of title and all contracts, agreements and title documents. The retention of such counsel, or related services, shall be at purchaser's and seller's own expense. All fees due to THA shall be paid regardless of any action or services that the purchaser or seller may undertake or acquire.

5. **Title Company.** THA advises purchasers to use a local title company and escrow agent with experience in closings of Housing Units to close the sale transaction. The title documents involved in a closing of Housing Units are unique and technical. Mistakes in the closing documents are easily made and difficult to correct.

6. **Fee.** At the closing of the sale, the seller, except when the seller is the Town or its designee, will pay to THA a fee equal to 1% of the sales price. THA may instruct the title company to pay such fees out of the funds held for the seller at closing. THA may also waive the fee, or a portion thereof, in its sole discretion, to promote affordable housing. Seller is responsible for payment of the transaction fee. Fees due to THA shall be paid regardless of any action or services that the purchaser or seller may undertake or acquire.

7. **Lenders.** Lenders who are beneficiaries of any Deed of Trust executed in connection with the sale of a Housing Unit must sign an Option to Purchase, acknowledging the provisions of the Deed Restriction and granting a right to the Town of Telluride or to THA to purchase the unit in a foreclosure under certain conditions and shall notify THA immediately when a change in ownership or assignment of the mortgage is anticipated and shall fully cooperate in securing the required signatures for a new Option to Purchase. Borrowers are restricted to conventional Fannie Mae approved financial institutions. FNMA-type financing is limited to commercial banking and lending institutions licensed to engage in mortgage lending practices in the State of Colorado. Non-Conforming Loans shall not be permitted by THA.

8. **Total Debt.** Owners shall not incur debt, liens or other obligations secured by the Housing Unit that exceed the total Original Purchase Price of the unit and shall notify THA immediately when a change in the total of these secured obligations is anticipated. THA, Owners and Lenders shall cooperate in obtaining new signatures for any new Options to Purchase that may be necessary.

CO-OWNERSHIP AND CO-SIGNATURES. Any co-ownership interest other than Joint Tenancy or Tenancy-In-Common must be approved by THA staff. Co-signers may be approved for ownership of the unit but shall not occupy the unit unless qualified by THA. Approved Co-Owners and Co-signers shall be required to sign a separate agreement to sell in the event the Owner defaults or is otherwise required to sell the Housing Unit.

SECTION 7: DEED RESTRICTION FORM AND PROCESS

1. The Deed Restriction shall be applied to Housing Units prior to the initial sale. The original executed and recorded documents will be maintained by THA or the Town of Telluride.
2. The Deed Restriction shall specify the Original Purchase Price and any income restrictions to which future purchasers may be subject. Also included will be the allowed increase rate for the Sale Price. THA does not make any guarantees of the subsequent owner's ability to sell the Housing Unit for its Maximum Resale Price.
3. Subsequent purchasers of Housing Units must execute a Deed Restriction prior to or simultaneously with the closing on the purchase of a Housing Unit. Should a Housing Unit be sold for less than its Maximum Resale Price, the actual sale price shall become the basis for the new Original Purchase Price. Seller and Purchaser will consent to allow THA or its Designee to become privy to the sales contract and will cooperate with THA or its Designee to complete and have recorded the Deed Restriction and option to Purchase and any other documents required for the transfer of the Housing Unit.
4. An Option to Purchase shall be granted by the Lender to THA and/or the Town of Telluride to redeem the Housing Unit in the event of default by purchasing the unit from the holder of the trustee's deed at the redemption price plus reasonable costs of the holder
5. Notwithstanding the event of foreclosure by the holder of the promissory note secured by a first deed of trust on the respective Housing Unit, if an Option to Purchase agreement was neither offered nor executed between the Owner, the holder of the first deed of trust, and the Housing Authority, or the purchase was financed by other than FNMA-type financing then the Deed Restriction shall not terminate and the unit will maintain its restricted status.
6. Deed Restrictions may not be transferred off the property.
7. The Deed Restriction and any amendments thereto must be recorded in the property records of San Miguel County. The original executed and recorded documents must be returned to THA for their files.

SECTION 8: EXCEPTION AND APPEALS

Except as otherwise set forth herein, a request for an exception to the standards and requirements of the Guidelines may be appropriate when the applicant understands and acknowledges the criteria and believes there exist a legitimate and compelling reason why the applicant should be exempt from such criteria or allowed a modification of the criteria. Exceptions may be granted to the Guidelines on a case-by-case basis, provided that THA finds such exception will promote the provision of affordable housing.

Flow chart?

EXCEPTION PROCEDURE:

- A. A Request for Exception must be presented in writing to THA and include:
 1. Verification that Applicant has fully completed the application process;

- a. The particular ground(s) upon which it is based;
- b. The action or remedy requested; and
- c. The name, address, telephone number of the complainant and similar information of complainant's representative, if any.
- d. Exception fee of \$25.00.
- e. Request for Exception forms are available from THA.

B. All requests for exceptions will be reviewed by THA staff. If the exception request is certified complete by the THA staff, the THA staff shall agendaize the exception request for consideration and hearing by the Subcommittee of the THA Board of Directors [Subcommittee]. Prior to consideration by the Subcommittee, the THA staff shall prepare a written report summarizing its recommendation regarding the requested exception. The THA staff shall distribute a copy of the report to the Subcommittee, the Applicant requesting the exception, and make the report available to the public. If, following a hearing by the Subcommittee, the decision by the Subcommittee is a Denial or less than a complete Approval, Applicant may appeal to the THA Board pursuant the Appeals Section, below

“Allowed Exceptions” such as Capital improvements and leave of Absence Requests may be authorized by THA staff. THA Staff will make a determination of Approval or Denial within 30 days of the application for an exception. Denials of Allowed Exceptions by staff may be appealed directly to the THA Subcommittee pursuant the Appeals Section, below.

APPEALS

GENERAL:

An appeal is appropriate when the applicant understands and acknowledges the criteria and believes that the criteria has been applied incorrectly to applicant.

APPEAL PROCEDURE:

1. Any appeal must be presented in writing to THA and include:
 - a. Verification that Applicant has fully completed the application process;
 - b. The particular ground(s) upon which it is based;
 - c. The action or remedy requested; and
 - d. The name, address, telephone number of the complainant and similar information of complainant's representative, if any
 - e. Appeal fee of \$25.00.
 - f. Appeal forms are available from THA.
2. All appeals will be reviewed by the THA Executive Director and forwarded with a recommendation for action to THA Subcommittee within 30 days. The THA Subcommittee shall address the appeal at the next scheduled board meeting. Applicant shall be entitled to present

evidence in support of the appeal. Based on the hearing, the THA Subcommittee will provide a written recommendation with findings to the THA Board for a final determination. The final determination of the THA Board shall be binding and THA shall take all actions necessary to carry out the decision.

SECTION 9: AMENDMENTS

Amendments to these Guidelines shall be made according to the following procedure:

A. Any proposed amendment shall be presented to the Telluride Housing Authority Board of Directors for its consideration and recommendation prior to adoption by the Town Council of the Town of Telluride. Such amendment will be presented in form of a written resolution of the THA Board of Directors, and shall be subject to the notice and hearing procedures established by THA for its written resolutions. Such resolutions may be proposed by a THA Board member, THA Staff or may be referred to THA by a majority vote of Town Council.

B. The Telluride Housing Authority shall consider such amendment in a timely manner, and shall report to the Town Council its finding on the proposed amendment and recommending adoption, adoption with conditions or rejection of the proposed amendment.

C. Upon receiving THA's report on the proposed amendment, the Town Council shall conduct a public hearing of the proposed amendment and either adopt, adopt with amendments or reject the proposed amendment. The public hearing on the proposed amendment shall be considered in a timely manner.

D. The Telluride Housing Authority shall review these Guidelines periodically, and make a report to the Town Council regarding their effectiveness in achieving the purposes for which they were created, and including any changes recommended in the Guidelines.

SECTION 11: GRIEVANCE PROCEDURES

A grievance is any dispute that Seller, Purchaser or Owner may have with THA with respect to an action or failure to act in accordance with the individual's rights, duties, welfare, or status. A grievance may be presented to the THA Board under the following procedures.

A. **Filing a Grievance:** Any grievance must be presented in writing to THA and include:

- a. The particular ground(s) upon which it is based;
- b. The action or remedy requested; and
- c. The name, address, telephone number of the complainant and similar information of complainant's representative, if any.
- d. Grievance fee of \$25.00

B. **Hearing:** The THA Board shall address the grievance at the next scheduled board meeting. The complainant shall be afforded a fair hearing providing the basic safeguards of due process, including notice and an opportunity to be heard in a timely, reasonable manner. THA Board may continue the hearing. The complainant and THA Staff shall have the opportunity to examine all documents, records and regulations of THA that are relevant to the hearing. Complainant shall be responsible for all photocopying expenses. Any document not made

available after written request may not be relied upon at the hearing. Complainant has the right to be represented by counsel.

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

b. The hearing shall be conducted by a designated member of the THA Board, the "Hearing Officer". The hearing shall be recorded. Oral or documentary evidence may be received without strict compliance with the Colorado Rules of Evidence.

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

d. Based on the records of the hearing, the THA Board will provide a written decision with findings to support the determination. The decision shall be binding and THA shall take all actions necessary to carry out the decision.

SECTION 11: DEFINITIONS

PURPOSE: The purpose of this Section is to define words, terms and phrases contained within these Housing Guidelines.

Allowed Original Purchase Price - OPP is the price paid for the Housing Unit by the current Owner(s) and is used as a basis to determine the Maximum Resale Price. The OPP is recorded in the Deed Restriction attached to each Housing Unit.

Alter or Alteration. Alter or alteration means any change, addition, or modification in construction or occupancy.

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

Bedroom – Area designed to be used for sleeping purposes that shall contain closets, have access to a bathroom and meets applicable Town Building Code requirements for light, ventilation, sanitation and egress.

Capital Improvements (Allowed) - Unless otherwise defined in the Deed Restriction covering the Housing Unit, an allowed Capital Improvement is any fixture approved by THA staff prior to erection/construction that is erected as a permanent improvement to real property or non-recurring expenses for physical improvements that provide a long-term upgrade or improvement to the deed-restricted housing unit, plus the present value of capital improvement costs including labor, if professionally provided, and for which verification of the expenditure (documentation) is provided by the Owner. Labor costs provided by the Owner may be authorized for up to 50% of the Allowed Capital Improvements upon approval by the THA staff. Allowed Capital Improvements shall NOT include landscaping, luxury items or cost associated with ordinary repair, replacement, and maintenance.

Commercial Property Property which is used for any of the following uses as defined by the Telluride Land Use Code: Commercial; Industrial; Accommodations, including Hotel,

Lodge, Boardinghouse, Roominghouse, Lock-off units and Short-term Dwelling Units; Agricultural land.

Conforming Loan -Loans consistent with Fannie Mae's guidelines defining the terms and conditions of the eligibility standards required to sell mortgages on the secondary markets. Fannie Mae updates these terms and conditions from time to time.

Consumer Price Index (CPI) – Two Consumer Price Indices are used for purposes of the Guidelines and for purposes of the Deed Restriction. The homeowner may choose from which Consumer Price Index to use- *U.S. City Average and Regions, Urban Wage Earners and Clerical Workers (CPI-W), All Items, not seasonally adjusted*, or its successor index or the *Denver-Boulder-Greeley CPI-W* average. Updated information is received on a regular basis from the U.S. Department of Labor, Bureau of Labor Statistics.

Co-signer - A joint signatory of a promissory note whose obligations are the same as those of the primary borrower. If the primary borrower does not repay the loan, the cosigner accepts responsibility for the debt. A Co-signer shall not occupy the unit unless qualified by THA.

Deed Restriction - A contract prepared by THA in coordination with Town Legal and entered into between THA, the Town of Telluride and the owner or purchaser of real property identifying and burdening the conditions of use, occupancy and sale which shall not be altered by any party without the written consent of all parties.

Dependent - A minor child (18 years or younger) or other relative of the renter or owner of a Housing Unit, which child or relative is taken and listed as a dependent for federal income tax purposes by such renter or owner or his or her present or former spouse (said dependent must also be related by blood or adoption).

Designee - is a person or entity who is named and authorized to act in place of the person or entity granting the designation.

Developed Residential Property - Property that contains at least one (1) dwelling unit as defined in the Telluride Land Use Code.

Disabled Person - A person who meets the definition of "individual with a disability" contained in 29 U.S.C. Section 706(8), and/or as defined in the Americans with Disabilities Act of 1990. Federal laws currently define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment."

Elderly – a person as defined in 24CFR100 et. seq.

Emergency Worker – An employee or volunteer (on call 12 hours/day, 8 times per month or its equivalent for human, life threatening emergencies) of a community based organization that provides on-scene assistance giving personal care to victims, including, but not limited to the following: Fire Department Workers, Mountain Rescue, Sheriff's Deputies, Police Officers, Hospital Emergency Room Technicians, Social Service Workers (mental health and abuse case workers), Ambulance Drivers, Emergency Medical Technicians, Communications Dispatchers through the Sheriff's Office or Police Department, etc. Emergency Service Department Head approval is required, whereby the supervisor must demonstrate the

need of that agency to house another Emergency Worker in the telluride area by requesting a formal approval with THA.

Employee is a person who is self-employed or is working for another person and is compensated for such work on an hourly, weekly, monthly or commission basis or any combination of such compensation.

Fair Market Value The price that an interested but not desperate buyer would be willing to pay and an interested but not desperate seller would be willing to accept on the open market assuming a reasonable period of time for an agreement to arise. The price at which bona fide sales have been consummated for assets of like type, quality, and quantity in a particular market.

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

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

Financial Statement - A statement detailing all personal assets, liabilities, and net worth (the difference between assets and liabilities) as of a specific date.

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

Free Market Property - A property that is not restricted by any deed restriction or covenant regarding price or terms of sale.

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

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

Gross Liabilities – The total amount owed to other persons including loans, liens, accounts payable and other financial obligations as defined by generally accepted accounting practice.

Household - All Owners, their immediate family which includes spouses, siblings, parents and/ or offspring, either biologically, by marriage or by legal adoption, regardless of age, and any parties who by legal arrangement include by deed, joint tenancy, tenancy in common,

or tenancy in its entirety shall a legal right to fee ownership, who will be occupying the Housing Unit.

Household Income - Combined Gross Income of the Household. Reductions to the Gross Income for business expenses can be made for persons who are self-employed.

Household Gross Assets - Combined Gross Assets of the Household

Household Net Worth is the Gross Assets owned by the Household less the Gross Liabilities.

Housing Unit - A deed-restricted unit that is subject to the Telluride Housing Guidelines and any additional covenants that run with the land.

Housing Guidelines - A set of operational regulations adopted by the Telluride Housing Authority and the Telluride Town Council, and amended from time to time, that set out definitions, standards and procedures that are to be applied pursuant to Section 2.

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

Kitchen – as defined in the Telluride land Use Code.

Land - Land means all land or water surfaces, whether public or private, including lots, parcels, or other ownership categories and all rights (including potentially but not limited to: surface, subsurface, or air) that may be attached or detached from the land.

Leasehold Interest - A less than fee simple estate that a tenant possesses in real property.

Luxury Items- Luxury Items are non-essential appliances, fixtures or upgrades.

Maximum Resale Price [MRS]- Unless otherwise defined in the Deed Restriction covering the unit, the owner's maximum resale price is determined according to Sec. 8.

Mortgagee - A lender in a mortgage loan transaction.

Mortgagor– A borrower in a mortgage loan transaction.

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

Non-conforming Loan. A conventional home mortgage not eligible for sale and delivery to either Fannie Mae (FNMA) or Freddie Mac (FHLMC) for various reasons, including loan amount, loan characteristics or underwriting guidelines.

Option to Purchase- A legal document signed by the Mortgagee, and where applicable a co-signer, acknowledging the provisions of the Deed Restriction and granting a right to the Town of Telluride or to THA to purchase the–Housing Unit in a foreclosure under certain conditions.

Original Purchase Price [OPP] - The price as defined in the Telluride Housing Guidelines and used to determine the Maximum Resale Price.

Owner- Owner means an individual or individuals who have a legal right to the property by deed, tenancy in common, joint tenancy or tenancy in the entirety or other relationship and who have a proprietary interest.

Premises. Premises mean one (1) unit of real estate with its appurtenances, building(s) and/or structures.

Prequalification – A borrower’s tentative mortgage approval from a lender.

Present Value - The cost or price of any capital improvements as established at the time of such improvement and shall be neither appreciated nor depreciated from such time.

Primary Residence - The sole and exclusive place of residence.

Property – Includes all real estate of any kind, developed or undeveloped, including but not limited to land, commercial property, investment property, residential property.

Purchaser - A person who is buying or has purchased a Housing Unit.

Sale- For purposes of these Guidelines, a sale is the exchange of a Housing Unit for an agreed amount of money in a single transaction in which title to the Housing Unit is transferred to a new qualified Household.

Spouse – A person’s husband or wife, as the case may be.

Storage Space - Space intended and commonly utilized as location for preservation or later use or disposal of items.

Tenancy In Common – Co-ownership in which individual holds an undivided interest in real property as if he were sole owner.

Tenancy in the Entirety - A special joint tenancy between a lawfully married husband and wife, which places all title to property (real or personal) into the marital unit, with both spouses having an equal, undivided interest in the whole property.

Town- The Town of Telluride, a Colorado home rule municipality.

Town Council – The Town Council of the Town of Telluride.

Undeveloped Residential Property - Vacant property which is restricted solely to residential uses, and uses accessory thereto, as defined in the Telluride Land Use Code.