



**CITY OF GUNNISON MASTER DEED RESTRICTION**

THIS CITY OF GUNNISON MASTER DEED RESTRICTION (“Restriction” or “Restrictions”) is entered into this 3 day of June, 2021 by the City of Gunnison, a Colorado home-rule municipality (the Grantor), and each the Gunnison Valley Regional Housing Authority of Gunnison, Colorado, and the City of Gunnison (the “Beneficiaries”) which are duly organized under and by virtue of the laws of the State of Colorado. The Owner and Beneficiaries are sometimes referred to herein collectively as the “Parties.”

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

**Lots 1-5, 8-12, 15, 16, 17B, 19-22, Lazy K Subdivision, according to the Plat thereof recorded on April 28, 2021, at Reception No. 675479 in the Gunnison County public records, County of Gunnison, State of Colorado.**

WHEREAS, the Grantor, acting as the declarant, intend to create a valid and enforceable covenant running with the land that assures that all of the Improvements hereby existing or to be developed on the Property will be used solely by individuals who are either Qualified Owners or Qualified Occupants (as such terms are hereinafter defined), subject to limited exceptions provided for herein; and

WHEREAS, both the Grantor and the Beneficiaries recognize the public need for attainable and affordable housing for the workforce and working families in the City of Gunnison; and

WHEREAS, under this Restriction the Grantor and Beneficiaries intend, declare, and covenant that the regulatory and restrictive covenants set forth herein governing the use of the Property described and provided for herein shall be and are hereby made covenants running with the land and are intended to be and shall be binding upon the Beneficiaries and Grantor, and all subsequent owners of such Property for the stated term of this Restriction, unless and until this Restriction is released and terminated in the manner hereafter described.

2. Definitions

i. AREA MEDIAN INCOME (AMI) means the median income for County of Gunnison adjusted for household size, as established and defined in the most recent annual schedule published by the U.S. Department of Housing and Urban Development (HUD).

ii. CAPITAL IMPROVEMENT means any fixture erected as a permanent improvement to the Property excluding repair, replacement, maintenance costs, and sweat equity.

iii. DEPENDENT means a person, including a spouse of, a child of, a step-child of, a child in the permanent legal custody of or a parent of, a Qualified Owner or Qualified Occupant, in each case whose sole place of residence is in the same household as such Qualified Owner or Qualified Occupant, and who is financially dependent upon the support of the Qualified Owner



or Qualified Occupant. Dependent shall also include any person included within the definition of "Familial Status" as defined in 42 U.S.C. § 3602(k), as that act shall from time to time be amended.

- iv. CITY shall mean the City of Gunnison, Colorado.
- v. FIRST MORTGAGE means a deed of trust or mortgage that is recorded senior to any other deeds of trust or liens against the Property to secure a loan used to purchase the Property by a Mortgagee.
- vi. GUIDELINES mean the most current Gunnison Valley Regional Housing Authority Housing Guidelines in effect at the time of closing on a sale or transfer of the Property or at the commencement date of a lease or other occupation agreement, or its successor document, as amended from time to time.
- vii. HOUSEHOLD means one or more persons who intend to live together in a Unit on the Property as a single housekeeping property.
- viii. HOUSING AUTHORITY means the Gunnison Valley Regional Housing Authority. Unless expressly stated otherwise in this Deed Restriction, "Housing Authority" shall refer to the Gunnison Valley Regional Housing Authority, except that if the Gunnison Valley Regional Housing Authority ceases to exist or is replaced by some other entity, "Housing Authority" shall refer to the City of Gunnison.
- ix. MAXIMUM RESALE PRICE means the maximum Purchase Price that shall be paid by any purchaser of a Unit within the Property, other than the initial purchaser who acquires a Unit from the Owner that is determined in accordance with the provisions of Section 6.iii of this Restriction. The Maximum Resale Price is not a guaranteed price, but merely the highest price an Owner may obtain for the sale of a Unit.
- x. MORTGAGEE means any bank, savings and loan association, or any other institutional lender that is licensed to engage in the business of providing purchase money mortgage financing for residential real property and that is the beneficiary of a deed of trust or the mortgagee under a mortgage encumbering a Unit or the Property.
- xi. NON-QUALIFIED OWNER or NON-QUALIFIED TRANSFEREE means an Owner that is not a Qualified Owner.
- xii. NET WORTH means the estimated sum of the assets of the Qualified Owner or Qualified Occupant. The term *Asset* refers to liquid assets such as cash in savings, checking or other forms of bank accounts and stocks, bonds or other instruments that can readily be converted to cash. The most recent Assessed Value as provided by the applicable Assessor's Office will be used to determine the value of real estate holdings, regardless of set-offs by encumbrances, costs of sale or holding, or percent of ownership interest. Assets in a qualified retirement plan and other non-liquid assets such as personal belongings or intangible assets will not be included in the asset limitations for each income category.



xiii. OWNER means the City of Gunnison, Lazy K Development, LLC, and any subsequent buyer, heir, devisee, transferee, grantee, owner or holder of title to a Unit, or any portion of the Property.

xiv. PURCHASE PRICE means all consideration paid by the purchaser to the seller for a Unit.

xv. A QUALIFIED EMPLOYER is an employer in Gunnison County whose business address is located within Gunnison County, employs persons within Gunnison County, employees perform work in Gunnison County, and/or whose business taxes are paid in Gunnison County.

xvi. QUALIFIED OWNER means a natural person who meets the following requirements at the time that he/she takes initial ownership interest or transfer of interest in a Unit as qualified by the Housing Authority:

- a. Earns his/her primary (80% or more) source of income working a minimum of 30 hours average per week on an annual basis, as documented with the United States Internal Revenue Service, within the County of Gunnison, and has provided evidence of such to the Housing Authority, or has a bona fide employment contract with an employer in the County of Gunnison that has been accepted by the Housing Authority; and
- b. Except as provided for in Section 4.i.a., does not own any interest in other improved residential property(s). A purchaser who owns improved residential real estate must convey all interest in said residential property(s) prior to taking initial ownership or transfer of an interest of a Unit; and
- c. A qualified household shall not have a net worth that exceeds three (3) times the income based on the AMI applicable to actual household size of a prospective purchaser; and
- d. Income restrictions are applicable at the time of qualification and shall be verified by the Housing Authority. Income guidelines are based on the Area Median Income (AMI). At the time of initial occupancy, the combined household income shall not exceed 80% or 120% of AMI – to be established per the contract between Lazy K Development, LLC and the City for each Unit and notice of which shall be attached to and recorded against each unit; and
- e. Earns at least 75% of the income required to qualify to purchase the property from employment meeting the requirements of Section 2.xvi.b. of this Restriction.



- f. Shall occupy the Property as his/her sole and exclusive primary residence at all times during the ownership of a Unit.
- g. A reasonable accommodation as defined by Americans with Disabilities Act may be requested from the Housing Authority for the employment requirements.

xvii. QUALIFIED OCCUPANT means a person who meets the following requirements at the time he or she takes initial occupancy of a Unit as qualified by the Housing Authority:

- a. Has earned his/her primary (80% or more) source of income working a minimum of 30 hours average per week on an annual basis, as documented with the United States Internal Revenue Service, within the County of Gunnison, and has demonstrated such to the Housing Authority, or has a qualified employment contract with an employer in the County of Gunnison that has been accepted by the Housing Authority; and
- b. Except as provided for in Section 4.i.a., does not own any interest in other improved residential property(ies). An occupant who owns improved residential real estate must convey all interest in said residential property(ies) prior to taking initial occupancy of a Unit; and
- c. A qualified household shall not have a net worth that exceeds three (3) times the income based on the AMI applicable to actual household size of a prospective purchaser, such AMI; and
- d. Income restrictions are only applicable at the time of purchase and shall be verified by the Housing Authority. Income guidelines are based on the Area Median Income (AMI). At the time of initial occupancy, the combined household income shall not exceed 80% or 120% of AMI – to be established per the contract between Lazy K Development, LLC and the City for each Unit and notice of which shall be attached to and recorded against each unit; and
- e. Shall occupy the Unit as his/her sole and exclusive primary residence.
- h. A reasonable accommodation as defined by Americans with Disabilities Act may be requested from the Housing Authority for the employment requirements.

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



If reviewed and approved in writing by the Housing Authority prior to occurrence the following transfer(s) are exceptions to the definition of Transfer, provided that the new Owner, other than an estate, shall use the Unit as his/her principal residence:

- a. A transfer resulting from the death of an Owner where the transfer is to the spouse or domestic partner who is also a Qualified Owner.
- b. A transfer resulting from a decree of dissolution of marriage or legal separation of from a settlement incidental to such a decree by which a transfer is made to a spouse who is also a Qualified Owner.

xix. UNIT means the constructed improvement for purposes of residential use only and to be created as a separate legal interest in a portion of the Property

3. Restriction Runs with the Land. This Restriction shall constitute covenants running with title to the Property and all Units located thereon as a burden thereon, for benefit of, and enforceable by, each of the Beneficiaries, and their successors and assigns, and this Restriction shall bind the Beneficiaries and all subsequent Owners and occupants of Units. Each Owner and Qualified Occupant, upon acceptance of a deed or lease to a Unit, shall be personally obligated hereunder for the full and complete performance and observance of all covenants, conditions, and restrictions contained herein during the Owner's period of ownership or Qualified Occupant's tenancy, as may be appropriate. Each and every Transfer or lease of a Unit, for all purposes, shall be deemed to include and incorporate by this reference, the covenants contained in this Restriction, even without reference to this Restriction in any document of conveyance. The Beneficiaries shall hold their interest as tenants in common, except that neither Beneficiary may sell, transfer or assign their interest in the Restriction without the express written permission of the other, and neither beneficiary shall agree to relieve any Owner or Qualified Occupant of their obligations under the Restriction without the express written consent of the other. If one of the Beneficiaries ceases to exist, that Beneficiary's interest in the Restriction shall be deemed to be assigned to the remaining Beneficiary.

4. Ownership, Use, Occupancy and Rentals.

i. Ownership. The ownership of Units is hereby, and shall henceforth be, limited exclusively to Qualified Owner(s). In the event that a Unit is occupied without compliance with this Restriction, the Housing Authority shall have the remedies set forth herein, including but not limited to the rights under Section 8 herein.

- a. Upon the written consent of the Housing Authority, for 120% AMI units only, a Qualified Employer that owns or operates a business located in and serving the County may purchase a Unit, provided, however, that by taking title to a Unit, such Owner shall be deemed to agree to the rental restrictions set forth herein, and further that any Owner who does not meet the definitions of either a Qualified Owner or Qualified Occupant shall rent the Unit to a natural person(s) that does meet the definitions of a Qualified



Occupant, and shall not occupy or use the Unit for such Owner's own use or leave the Unit vacant for more than three months, except as otherwise provided herein. Any occupancy of a Unit pursuant to this Section 4.i.a. shall not exceed two persons per bedroom, unless the Housing Authority approves otherwise. 80% AMI units may not be owned or rented by a Qualified Employer.

- ii. Use and Occupancy. The use and occupancy of Units is hereby, and shall henceforth be, limited exclusively to Qualified Owners or Qualified Occupant(s), and Dependents.
- iii. Rental of Property. Owner may not, except with prior written approval of the Housing Authority, and subject to the Housing Authority's conditions of approval, rent a Unit for any period of time. All renters must be Qualified Occupants. Except as provided for in Section 4.i.a. herein, a rental shall be for no less than six (6) months and no more than one year and shall occur not more than once every five (5) years. All rentals must comply with the then current Housing Authority's Guidelines.
- iv. Roommates. The requirements of this Restriction shall not preclude the Qualified Owner from sharing occupancy of a Unit with non-owners on a rental basis provided Qualified Owner continues to occupy a Unit as his/her sole and primary residence and meets the obligations contained in this Restriction, including the definition of Qualified Owner or Qualified Occupant. Short-term rentals/roommates are strictly prohibited.
- v. No Indemnification or Waiver of Immunity. Nothing herein shall be construed to require either of the Beneficiaries to protect or indemnify the Owner against any losses attributable to a rental including, but not limited to, non-payment of rent or damages to a Unit; nor to require either of the Beneficiaries to obtain a Qualified Occupant for the Owner in the event that none is found by the Owner. In addition, nothing herein shall be construed as a waiver by either of the Beneficiaries' governmental immunity provided by the Colorado Governmental Immunity Act or other applicable law.
- vi. Initial Finance and Refinance Restriction.
  - a. At the time of the purchase of a Unit the original principal amount of any indebtedness secured by a First Mortgage shall not exceed an amount equal to one hundred percent (100%) of the Purchase Price paid for the Unit by that Owner, subject to the Housing Authority's Guidelines.
  - b. An Owner may refinance a First Mortgage that encumbers a Unit with the consent of the Housing Authority; provided, however, that the original principal amount of any refinanced indebtedness secured by a First Mortgage shall not exceed an amount equal to ninety-seven percent (97%) of the then current Maximum Resale Price limit.
- vii. Ownership Interest in Other Residential Property. Except with respect to a Non-Qualified Owner permitted to purchase a Unit as set forth in Section 4.i.a, if at any time the Owner also owns any interest alone or in conjunction with others in any other developed residential property in or out of the County, the Owner shall immediately list such other



property interest for sale and sell his or her interest in such property. In the event said other property has not been sold by the Owner within one hundred twenty (120) days of its listing required hereunder, then the Owner shall immediately list his or her Unit for sale pursuant to Section 8.v. of this Restriction. In the case of an Owner whose business is the construction and sale of residential properties or the purchase and resale of such properties, the properties that constitute inventory in such Owner's business shall not constitute "other developed residential property" as that term is used in this Section 4.vii.

viii. Compliance. Any Owner of a Unit is required to comply with annual deed restriction monitoring certifying to the Housing Authority that they are in compliance with the requirements of this Restriction. The Housing Authority acknowledges and recognizes that the income and net worth of a Qualified Owner or Qualified Occupant may increase over time, however, such increases over the maximum income and net worth requirements at initial purchase or occupancy shall not constitute a default of this Restriction.

ix. Any owner or prospective buyer must agree to and execute the Notice of Lien form attached hereto as Exhibit A.

5. Initial Purchase Price. Each unit constructed on the Property shall be sold to a Qualified Owner, except as provided for in Section 4.i.a of this Restriction, at an affordable Purchase Price as approved by the City of Gunnison in accordance with the terms and conditions provided for in the development agreement or Contract between the City and Lazy K Development, LLC.

6. Transfer of Property.

i. Resale. No Transfer of the Property or any Unit thereon shall occur subsequent to the original by the City to Lazy K Development, LLC, and any initial sale by Lazy K Development, LLC to a Qualified Owner or Qualified Employer , except upon full compliance with the procedures set forth in this Section 6. In the event the Property or a Unit is sold and/or conveyed without compliance with this Restriction, such sale and/or transfer shall be wholly null and void and shall confer no title whatsoever upon the purported buyer.

ii. Notice of Intent. No Unit shall not be sold or transferred without prior submission by the Qualified Owner or Qualified Employer as authorized by 4.i.a to the Housing Authority of a written Notice of Intent to Sell as set forth in Exhibit B attached hereto.

iii. Maximum Resale Price.

a. The initial purchase price of the Unit shall be the basis for calculating the Maximum Resale Price in accordance with this Restriction and the Housing Authority guidelines in effect at the time of listing the Unit for re-sale.

b. The Maximum Resale Price of a Unit shall be limited to be no more than the following calculation:



The Maximum Resale Price may not exceed the sum of: (i) the Purchase Price paid by the Owner for the Unit, plus: (ii) an increase of two percent (2%) of such Purchase Price per year (prorated at the rate of 1/12 for each whole month, but not compounded annually) from the date of the Owner's purchase of the Unit to the date of the Owner's Notice of Intent to sell the Unit; plus (iii) an amount equal to any special improvement district assessments, if applicable and not transferable, paid by the seller during the seller's ownership of the Unit; (iv) the cost of Permitted Capital Improvements made to the Unit by the Owner as set forth in Section 6.iii.c. of this Restriction.

- c. Permitted Capital Improvements. The amount for Permitted Capital Improvements shall not exceed ten per cent (10%) of the original purchase price for an initial ten (10) year period. For every ten (10) year period from the date of the original purchase and Covenant, another ten (10) per cent of the purchase price may be added to the value of the Unit for Capital Improvements. In calculating such amount, only those Permitted Capital Improvements identified in the most recently approved GVRHA Housing Guidelines in effect at the time of resale calculation shall qualify for inclusion. Seller's contributed labor or "sweat equity" shall not be part of the cost of an eligible improvement.
- d. Pursuant to the Housing Authority Guidelines, each Owner shall be responsible for ensuring that at the Transfer of his or her Unit, the same is clean, the appliances are in working order, and that there are no health or safety violations regarding the Unit. Prior to the sale of the Unit, the Housing Authority is authorized to take necessary actions and incur necessary expenses for bringing the Unit into saleable condition. Such actions and expenses include, but are not limited to, cleaning the Unit and making necessary repairs to or replacements of appliances and/or Unit fixtures, such as windows, doors, cabinets, countertops, carpets, flooring and lighting fixtures, and/or correcting any health or safety violations on the Unit. Expenses incurred by the Housing Authority to bring the Unit into a saleable condition shall be itemized and documented by the Housing Authority and deducted from the Owner's proceeds at closing of the Transfer of the Unit.
- e. No Owner shall permit any prospective purchaser to assume any or all of the Owner's closing costs. No Owner shall accept anything of value from a prospective purchaser except for the Maximum Resale Price before, during or after closing of the Transfer of the Unit.
- f. Nothing in this Restriction represents or guarantees that the Unit will be re-sold at an amount equal to the Maximum Resale Price. Depending upon conditions affecting the real estate market, the Unit may be re-sold for less than the Maximum Resale Price.





- iv. Housing Authority Made Whole. No transfer of a Unit shall occur unless and until each and every encumbrance, debt or liability owed by the Owner to each and both of the Beneficiaries is fully satisfied.

7. Foreclosure

- i. It shall be a breach of these Restrictions for an Owner to default in the payments or other obligations due or to be performed under a promissory note secured by deed of trust encumbering a Unit. The Owner hereby agrees to notify the Beneficiaries, in writing, of any notification Owner receives from a lender, or its assigns, of past due payments or default in payment or other obligations due or to be performed under a promissory note secured by a deed of trust, as described herein, within five (5) calendar days of Owner's notification from lender, or its assigns, of said default or past due payments.
- ii. Upon receipt of notice as provided herein, the Beneficiaries shall have the right, in its sole discretion, to cure the default or any portion thereof. ("Curing Party"). In such event, the Owner shall be personally liable to the Curing Party for past due payments made by the Curing Party, together with interest thereon at the rate specified in the promissory note secured by the deed of trust, plus one (1) per cent, and all actual expenses of the Curing Party incurred in curing the default. In the event the Owner does not repay the Curing Party within sixty (60) days of notice that the Curing Party has cured the Owner's default, the Owner agrees that the Curing Party shall be entitled to a lien against the Unit to secure payment of such amounts. Such a lien may be evidenced by a notice of lien setting the amounts due and rate of interest accruing thereon, and such notice of lien may be recorded in the real property records of City of Gunnison, Colorado, until such lien is paid and discharged. The Curing Party shall have the additional right to bring an action to foreclose on the Unit for the payment of the lien set forth in this section 7.ii.
- iii. In the event of a foreclosure on a promissory note secured by a first deed of trust on the Unit, and the issuance of a public trustee's deed by the holder of such note and deed of trust ("Holder"), or the acceptance by Holder of such note and deed of trust of a deed in lieu of foreclosure of the Unit, and Holder's subsequent recordation of the same in the Office of the City of Gunnison Clerk and Recorder, the Beneficiaries may acquire the Unit by exercising that certain "Option to Purchase," a copy of which is attached hereto as Exhibit C. In the event that the Option is not exercised by the Beneficiaries, this Deed Restriction shall be released and shall be of no further force or effect.

8. Default/Breach

- i. In the event either of the Beneficiaries has reasonable cause to believe an Owner is violating the provisions of these Restrictions, that entity, through its authorized representatives, may inspect the Unit between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday, after providing the Owner with no less than 24 hours written notice.
- ii. The respective Beneficiary shall send a notice of violation to the Owner detailing the nature of the violation and allowing the Owner fifteen (15) days to determine the merits of the



allegations, or to correct the violation. In the event the Owner disagrees with the allegation of violation of these Restrictions, the Owner may request, in writing, a hearing before the Housing Authority Grievance and Appeals Committee. If the Owner does not request a hearing and the violation is not cured within the fifteen-day period, the Owner shall be considered in violation of these Restrictions.

iii. Whenever these Restrictions provide for a hearing before the Housing Authority, such hearing shall be scheduled by the Housing Authority within ten (10) days of the date of receipt of a written request for a hearing. At any such hearing, the Owner or other aggrieved party may be represented by counsel and may present evidence on the issues to be determined at the hearing. An electronic record of the hearing shall be made, and the decision of the Housing Authority shall be a final decision, subject to judicial review.

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

v. In the event the Unit is sold and/or conveyed without compliance with the terms of these Restrictions, such sale and/or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported buyer. Each and every conveyance of the Unit, for all purposes, shall be deemed to include and incorporate by this reference the covenants herein contained, even without reference therein to these Restrictions.

vi. In the event an owner fails to cure any breach of these Restrictions, each of the Beneficiaries may resort to any and all available legal or equitable actions, including but not limited to specific performance of these Restrictions, an injunction against future sale(s) in violation of these Restrictions.

vii. Eliminating Resale Gain. In the event of a breach of any of the terms or conditions contained herein by an Owner, his or her heirs, successors or assigns, the Owner's initial purchase price of the Property shall, upon the date of such breach as determined by either of the Beneficiaries, automatically cease to increase as set out in Section 6.iii. of this Restriction and shall remain fixed until the date of cure of said breach.

9. In the event of a dispute between the Beneficiaries regarding interpretation, enforcement or otherwise of this Restriction or any portion of it, the position of City of Gunnison shall prevail.

#### 10. General Provisions

i. These Restrictions shall constitute covenants running with the Real Property and any Unit located thereon as a burden thereon, for the benefit of, and shall be specifically enforceable by each of the Beneficiaries and/or its respective successors and assigns, as applicable. Enforcement by any appropriate legal action may include, but is not limited to specific performance injunction, reversion, or eviction of noncomplying owners and/or occupants.



- ii. Equal Housing Opportunity. Pursuant to the Fair Housing Act and public policy, the Housing Authority shall not discriminate on the basis of race, creed, color, sex, national origin, familial status, disability, sexual orientation, or gender identity in the lease, sale, use or occupancy of the Property.
- iii. Waiver of Exemptions. Every Owner, by taking title to a Unit, shall be deemed to have subordinated to this Restriction any and all right of homestead and any other exemption in, or with respect to, such Unit under state or federal law presently existing or hereafter enacted.
- iv. Any notice, consent, approval, or request which is required to be given by any party hereunder shall be given by mailing the same, certified mail, return receipt requested, properly addressed and with postage fully prepaid, to the address provided herein or to the address of the owner. The owner shall advise the Housing Agency of any change in address, in writing. Said notices, consents, and approvals, shall be sent to the parties hereto at the following addresses, unless otherwise notified in writing:

To Beneficiaries:      Gunnison Valley Regional Housing Authority  
                                 Executive Director  
                                 202 E. Georgia Avenue  
                                 Gunnison, Colorado 81230  
                                 Telephone: 970-641-7900  
                                 Fax: 888-406-1360

OR

City of Gunnison City Manager  
201 W. Virginia Avenue  
Gunnison, Colorado 81230  
Telephone: 970-641-8000

To Owner: \_\_\_\_\_  
\_\_\_\_\_

To Subsequent Owners:    At the address maintained in the records of the  
   County of Gunnison Assessor's office

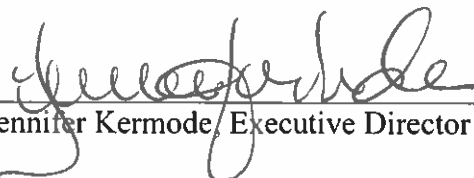
- v. Whenever possible, each provision of these Restrictions and any other related document shall be interpreted in such manner as to be valid under applicable law; but if any provision of these Restrictions shall be invalid or prohibited under said applicable law, such provisions shall be ineffective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



- vi. These Restrictions and each and every related document is to be governed and construed in accordance with the laws of the State of Colorado.
- vii. Except as otherwise provided herein, the provisions and covenants contained herein shall inure to and be binding upon the heirs, successors, and assigns of the parties.
- viii. Owners and subsequent owners agree that he or she shall be personally liable for their participation in any of the transactions contemplated herein and that he or she will execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of these Restrictions or any agreement or document relating hereto or entered into in connection herewith.
- ix. Any modifications of these Restrictions shall be effective only when made by a duly executed instrument by the Housing Agency and an owner, with the written consent of both of the Beneficiaries, and recorded with the Clerk and Recorder of City of Gunnison, Colorado. Notwithstanding the foregoing, the Parties agree that the Beneficiaries may unilaterally amend these Restrictions where deemed necessary to effectuate the purpose and intent of these Restrictions, so long as both Beneficiaries agree to such amendments.

EXECUTED, this 30<sup>th</sup> day of June, 2021.

**GUNNISON VALLEY REGIONAL HOUSING AUTHORITY**

By:   
Jennifer Kermode, Executive Director

State of Colorado )

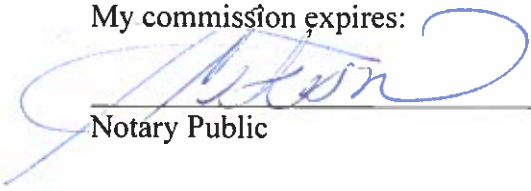
) ss.

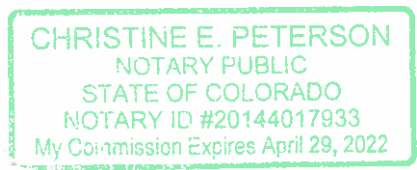
County of Gunnison )

The foregoing Gunnison Valley Regional Housing Authority Affordable Housing Deed Restriction for been acknowledged before me this 30<sup>th</sup> day of June, 2021 by Jennifer Kermode, Executive Director of the Gunnison Valley Regional Housing Authority

Witness my hand and official seal.

My commission expires:

  
Notary Public





CITY OF GUNNISON

By:   
Jim Gelwicks, Mayor

ATTEST:  
  
City Clerk



RETURN TO:  
GVRHA  
202 E. Georgia Avenue  
Gunnison, CO 81230

**EXHIBIT A**

**NOTICE OF LIEN  
AND MEMORANDUM OF ACCEPTANCE OF CITY  
OF GUNNISON MASTER DEED RESTRICTION FOR  
\_\_\_\_\_, GUNNISON COUNTY,  
COLORADO**

WHEREAS, \_\_\_\_\_, the "Buyer" is purchasing \_\_\_\_\_, the  
"Seller" at a price of \$ \_\_\_\_\_ the real property described as:

(insert legal description here)

known as the "Property"; and

WHEREAS, the Seller of the Property is requiring, as a prerequisite to the sale transaction, that the Buyer acknowledge and agree to the terms, conditions and restrictions found in that certain instrument entitle "City of Gunnison Master Deed Restriction" for the Property, recorded on (insert recording date of deed restriction here) under Reception No. (insert Reception No. here), in the real property records of the County of Gunnison, Colorado (the "Deed Restriction").

NOW, THEREFORE, as an inducement to the Seller to sell the Property, the Buyer:

1. Acknowledges that Buyer has carefully read the entire Deed Restriction, has had the opportunity to consult with legal and financial counsel concerning the Deed Restriction and fully understands the terms, conditions, provisions, and restrictions contained in the Deed Restriction.
2. States that any Notice to Buyer should be sent to:  
(insert Buyer mailing address here)
3. Directs any Notice to The City of Gunnison and the Gunnison Valley Regional Housing Authority be sent to:

Gunnison Valley Regional Housing Authority  
Attn: Executive Director





**EXHIBIT B**

**AFFORDABLE HOUSING DEED RESTRICTION  
OPTION TO PURCHASE**

This Option to Purchase is hereby granted to the City of Gunnison Colorado, a Colorado home rule municipality, and Gunnison Valley Regional Housing Authority, a Colorado Multijurisdictional Housing Authority ("**Beneficiaries**") by \_\_\_\_\_, its successors and/or assigns who is the "**Holder**" of a promissory note ("**Promissory Note**") secured by a first deed of trust on the Unit (defined below), and \_\_\_\_\_, Owner of the Unit and borrower under the Promissory Note ("**Owner**"). Beneficiaries, Holder, and Owner are collectively referenced herein as the "**Parties**".

**Recitals**

WHEREAS, Owner is currently vested in title to the real property, which is more particularly described as follows:

[INSERT LEGAL]

Also known as \_\_\_\_\_, Gunnison, CO ("Unit"); and

WHEREAS, the Unit is subject to that certain Amended and Restated Affordable Housing Deed Restriction (the "**Deed Restriction**"), recorded at reception number \_\_\_\_\_ in the Office of the Gunnison County Clerk and Recorder; and

WHEREAS, the Parties desire to enter into this Option regarding the purchase of the Unit, as set forth herein.

**Agreement**

NOW THEREFORE, in consideration of the mutual covenants and obligations contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the Parties hereby agree as follows:

**A. Definitions.** Capitalized terms not otherwise defined herein shall have the meaning given to them in Amended and Restated Deed Restriction.

**B. Grant of Option.** In the event of (i) a foreclosure by Holder of the Promissory Note and the issuance of a public trustee's deed in and to the Unit to Holder following the expiration of all statutory redemption rights; or (ii) the acceptance by Holder of a deed in lieu of foreclosure of the Unit and Holder's subsequent recordation of the same in the Office of the Gunnison County Clerk and Recorder, Beneficiary shall have the option to purchase the Unit ("**Option**"), which Option shall be exercised as set forth herein.

**C. Notice.** Upon Holder's receipt of a public trustee's deed to the Unit, or upon





recording the deed in lieu of foreclosure, Holder shall provide written notice to Beneficiary of the commencement of the option period ("**Notice of Option Period**"), which Notice of Option Period shall be sent by email and certified mail, return receipt requested, and addressed as follows:

To Beneficiaries:

Gunnison Valley Regional Housing Authority  
Executive Director  
202 E. Georgia Avenue  
Gunnison, Colorado 81230  
Telephone: 970-641-7900  
Fax: 888-406-1360

OR

City of Gunnison City Manager  
201 W. Virginia Avenue  
Gunnison, Colorado 81230  
Telephone: 970-641-8000

**D. Exercise of Option.** Beneficiary shall have thirty (30) days after receipt of the above-described notice ("**Option Period**") within which to exercise this Option to purchase by delivering to Holder a "Notice of Exercise of Option" substantially in the form attached hereto as **Exhibit B-1**. The Notice of Exercise of Option shall be sent by email and certified mail, return receipt requested, and addressed as follows:

HOLDER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

**E. Title and Closing.** Closing shall occur no later than ninety (90) days from the exercise of the Option. At closing, and in exchange for the Option Price (as defined below), Holder shall deliver to Beneficiary a special warranty deed conveying the Unit to Beneficiary, and also shall deliver possession of the Unit. Holder shall convey only such title as it received through the public trustee's deed or deed in lieu of foreclosure and will not create or participate in the creation of any additional liens or encumbrances against the Unit following issuance of the public trustee's deed or deed in lieu of foreclosure to Holder. Holder shall not be liable for any of the costs of conveyance to Beneficiary. At closing, and in exchange for the special warranty deed described above, Beneficiary shall tender to Holder in cash or certified funds, the following option price ("**Option Price**"):



(1) if a public trustee's deed in and to the Unit has been issued, an amount equal to the amount paid or bid at the public trustee's sale (plus any bid deficiency); plus any additional reasonable costs directly related to the foreclosure or the ownership of the Unit subsequent to the public trustee's sale up to the conveyance of the Unit to Beneficiary; OR

(2) if a deed in lieu of foreclosure has been recorded, (i) an amount equal to the amount due to Holder with respect to the Unit on the date the deed in lieu of foreclosure was recorded; plus (ii) any additional reasonable costs related to the deed in lieu of foreclosure or the ownership of the Unit incurred by Holder subsequent to the date the deed in lieu of foreclosure was recorded up to the conveyance of the Unit to Beneficiary, less (iii) any unpaid amounts secured by any other lien, deed of trust or other encumbrance on the Unit (*provided*, however, that if any such other lien, deed of trust or other encumbrance which is subordinate to Holder's deed of trust was removed by Holder, the amounts paid by Holder to obtain such removal shall also be added to the Option Price).

**F. Time is of the essence / remedies.** Time is of the essence hereof; provided, however, that the term of this Option shall be extended in a manner deemed reasonable by the Parties hereto in order to account for any circumstances beyond the reasonable control of a Party that prevent or impede the due performance of this Option. If Holder is in default, after written notice of such default is given and Holder has not cured the same within a reasonable period thereafter, Beneficiary may elect to treat this Option as being in full force and effect and shall have the right to specific performance or damages, or both.

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

**H. Successors and Assigns.** The provisions and covenants contained herein shall inure to and be binding upon the heirs, successors and assigns of the Parties.

**I. Modifications.** The Parties agree that any modification to this Option Agreement shall be effective only when made by a writing signed by all Parties and recorded in the Office of the Gunnison County Clerk and Recorder.

**IN WITNESS WHEREOF**, the Parties have executed this instrument on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.



***[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY;  
SIGNATURES OF THE PARTIES APPEAR ON THE FOLLOWING PAGES]***



**HOLDER**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

The foregoing Option to Purchase has been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

Witness my hand and official seal.  
My commission expires:

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

**OWNER:**

\_\_\_\_\_

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

The foregoing Option to Purchase has been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

Witness my hand and official seal.  
My commission expires:

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

**BENEFICIARIES:**



**GUNNISON VALLEY REGIONAL HOUSING AUTHORITY**

By: \_\_\_\_\_  
Jennifer Kermode, Executive Director

State of Colorado            )  
  ) ss.  
County of Gunnison         )

The foregoing Gunnison Valley Regional Housing Authority Affordable Housing Deed Restriction for been acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by Jennifer Kermode, Executive Director of the Gunnison Valley Regional Housing Authority

Witness my hand and official seal.  
My commission expires:

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

**CITY OF GUNNISON**

By: \_\_\_\_\_  
Jim Gelwicks, Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk



**EXHIBIT B-1  
FORM OF NOTICE OF EXERCISE OF OPTION**

**To HOLDER:**

Please take notice that pursuant to paragraph D of that certain Option to Purchase dated, \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_, and recorded at reception number \_\_\_\_\_ in the Office of the Gunnison County Clerk and Recorder, the undersigned Beneficiary hereby exercises its option to purchase the Unit described therein.

**By:**

**BENEFICIARY:**

TOWN OF MT. CRESTED BUTTE, COLORADO,  
A Colorado home rule municipality

By: \_\_\_\_\_  
\_\_\_\_\_, Mayor

Attest:

\_\_\_\_\_  
\_\_\_\_\_, its Town Clerk

EXHIBIT C

The City of Gunnison will be responsible for:

<b>April 14, 2021 Infrastructure Bid Items for Deed Restricted and Free Market Lots adjacent to Tomichi Avenue:</b>
• General Conditions/Mobilization
• Roads Parking Side walk
• Drainage improvements
• Extension of Water
• Extension of Sewer
• Other Utilities-Elec/Gas/Comms
• DOLA/Davis-Bacon/Buy-America
• Sidewalk on Tomichi
<b>April 14, 2021 Infrastructure Bid Items for Free Market Lots adjacent to Gunnison Avenue:</b>
• Relocate Water Line on Gunnison Ave (Water and Sewer Taps not included)
<b>Other Negotiated Cost Share Items:</b>
• Sewer Tap Fees – for all Deed Restricted Lots
• Water Tap Fees – for all Deed Restricted Lots
• Building Permit Fees – for all Deed Restricted Lots
• Final survey
• Soft Costs Contribution of to \$113,000 for architecture and engineering
• 50% of Bonding/LOC Cost, if cash escrow is not pursued
• All park improvements

Lazy K Development LLC will be responsible for:

Landscaping - on Deed Restricted and Market Rate Lots
Sewer Tap Fees - for all Market Rate Lots
Water Tap Fees – for all Market Rate Lots
Building Permit Fees – for all Market Rate Lots
<b>April 14, 2021 Infrastructure Bid Items for Free Market Lots adjacent to Gunnison Avenue:</b>
• Sewer Extension on Gunnison Avenue
All other costs to complete construction not covered by City of Gunnison

Colorado Division of Housing Grant will be applied towards City of Gunnison responsibilities.

Valley Housing Fund Grant 2021 Increment (\$139,000) will be applied to architectural services provided by Jv DeSousa Architects.

Valley Housing Fund Grant 2022 Increment (\$139,000) will be applied to Lazy K Development LLC construction costs that exceed sales prices on Restricted units.



