

CHAMONIX VAIL EMPLOYEE HOUSING GUIDELINES

1. **General.** These Guidelines are intended to supplement the Deed Restriction Agreement for the Occupancy and Occupancy of the Chamonix Vail Residential Dwelling Units (the "Deed Restriction"). These Guidelines may be updated by Town staff as necessary, and the current version of these Guidelines shall always control over any prior version. In the event of any conflict between these Guidelines and the Deed Restriction, the Deed Restriction shall control.

2. **Occupancy.**

a. Leasing. If an Owner leases the Property, the lease shall include a clear reference to the Deed Restriction and a brief summary of the Deed Restriction, and shall by reference incorporate the terms and conditions of this Deed Restriction. Copies of all leases shall be filed with the Town during the annual verification process.

b. Leave of Absence. A leave of absence may be granted for one year, subject to Town approval, upon clear and convincing written evidence which shows a reason for leaving and a commitment to return to the Town. Such written evidence shall be presented to the Town at least 30 days prior to leaving. The Leave of Absence shall be for one year and may, at the discretion of the Town, be extended for one year, but in no event shall it exceed two years. The Property must be rented during the leave to one or more Qualified Tenants in accordance with the Deed Restriction.

c. Disability. Should a Qualified Owner become disabled and, because of such disability, be unable to meet the requirements of the Deed Restriction to remain a Qualified Owner, the Qualified Owner shall notify the Town, in writing, of the nature of the disability. If the disability is permanent, the Qualified Owner shall remain a Qualified Owner despite the disability. If the disability is temporary and the Qualified Owner becomes able to return to work, to remain a Qualified Owner, the Qualified Owner must return to work when the disability ceases. Notwithstanding anything to the contrary in these Guidelines or the Deed Restriction, the Town will make all reasonable accommodations necessary under the Americans with Disability Act.

d. Annual Verification. As provided in the Deed Restriction, no later than February 1st of each year, every Owner shall submit a sworn affidavit, on a form provided by the Town, verifying that the Property is occupied in accordance with the Deed Restriction and these Guidelines. The affidavit shall be accompanied by the following supporting documentation:

- i. Verification of current employment and employment during the prior year (paystubs with employer's name, address and contact information);
- ii. Signed authorization allowing the Town discuss employment details with the Owner's employer;
- iii. The Owner's federal income tax return from the prior year, together with an executed Internal Revenue Service Form 8821 or equivalent;

- iv. If the Property was leased during the prior year, copies of all leases of the Property during the prior year; and
- v. If the Property was leased during the prior year, the information set forth in subsections i.-iii. for each Qualified Tenant.

3. Permitted Capital Improvements.

a. For purposes of determining the Maximum Resale Price, Permitted Capital Improvements shall include only the following:

- i. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacement and maintenance;
- ii. Improvements for energy and water conservation;
- iii. Improvements for health and safety protection devices;
- iv. Improvements to add or finish permanent/finished storage space;
- v. Improvements to finish unfinished space; or
- vi. Replacement of the following: new carpet and carpet pad; new hardwood, wood laminate, or tile floors and base; new Energy Star-rated appliances (including without limitation clothes washer and dryer, refrigerator, range, dishwasher and built-in microwave); new baseboard, window casing and interior doors when the entire Property is finished in an identical material and quality; and new kitchen or bathroom countertops.

b. Permitted Capital Improvements shall be depreciated as follows:

- i. 75% of the cost will be included in the Maximum Resale Price if the improvement has been installed within 12 months of listing the Property.
- ii. 50% of the cost will be included in the Maximum Resale Price if the improvement has been installed in greater than 12 months and less than 36 months of listing the Property.
- iii. 25% of the cost will be included in the Maximum Resale Price if the improvement has been installed in greater than 36 months and less than 60 months of listing the Property.
- iv. No cost will be included in the Maximum Resale Price if the improvement has been installed more than 5 years prior to listing the Property.
- v. For energy or water conservation Permitted Capital Improvements, including without limitation solar panels, the amount of the cost to be included in

the Maximum Resale Price shall be reduced by the amount of any rebates received, and shall then be depreciated by 4% each year.

c. The following improvements shall not be considered Permitted Capital Improvements:

- i. Decks or balconies;
- ii. Jacuzzis, saunas and steam showers;
- iii. Repair, replacement or maintenance of existing fixtures, appliances, plumbing and mechanical fixtures;
- iv. Painting; or
- v. Decorative items, including without limitation lights and window coverings.

d. The following costs shall apply to Permitted Capital Improvements, regardless of the price actually paid, and no additional amounts shall be added for installation, labor or "sweat equity":

Carpet and Pad	\$4.00/square foot
Hardwood or Wood Laminate	\$7.00/per square foot
Tile Floor and Base	\$10.00/square foot
Clothes Washer	\$800.00
Clothes Dryer	\$800.00
Refrigerator	\$1,500.00
Range	\$900.00
Dishwasher	\$500.00
Over-the-Range Microwave	\$400.00
Baseboard	\$5.00/linear foot
Window Casing	\$4.00/linear foot
Interior Doors	\$200.00/door
Counter	\$50.00/square foot
Bath Tub Surround	\$5.00/square foot

e. Notwithstanding the costs set forth herein, the amount for Permitted Capital Improvements shall not exceed 15% of the original Purchase Price paid by the Owner selling the Property, provided that, for every 10-year period commencing on the Effective Date, another 15% of the original Purchase Price may be added to the value of the Property for Permitted Capital Improvements.

4. Listing.

a. Town's Role. Town staff are not licensed brokers, but instead, act as representatives of the Town and its interests. All sellers and purchasers are advised to consult legal counsel regarding examination of title and all contracts, agreements and documents, at their own expense.

b. Advertising. Upon listing, the Town will advertise the sale of the Property in two consecutive Friday editions of the Vail Daily.

c. Open Houses. The Town will coordinate with the selling Owner to establish two open house dates when the Property may be viewed by interested parties.

e. Fee. Prior to or at closing, the selling Owner shall pay the Town a nonrefundable listing fee equal to 2% of the Maximum Resale Price, regardless of the final purchase price for the Property. The Town may instruct the title company to pay said fees to the Town out of the funds held for the selling Owner at the closing.

5. Lottery.

a. Eligibility. To be eligible to enter the lottery to purchase a Property, the applicant must: be a Qualified Buyer; be prequalified with a mortgage lender; and file a complete application with the Town on forms provided by the Town.

b. Application. In addition to the application form, each applicant shall submit the following information:

- i. The last 4 years of federal income tax returns, together with an executed Internal Revenue Service Form 8821 or equivalent;
- ii. Verification of current employment (*i.e.*, paystubs with employer name, address and contact information);
- iii. Proof of current residency;
- iv. Valid Colorado driver's license or identification card;
- v. Prequalification letter from the lender;
- vi. A description of any co-ownership interests (joint tenancy, tenancy in common); and

vii. A signed authorization allowing the Town to discuss employment details with the applicant's employer.

c. Drawing. On the date and at the time selected by the Town, the Town shall conduct a random drawing from the pool of eligible applicants. The Town will notify the selected Qualified Buyer as soon as practicable after the lottery. Within 5 days of notification from the Town, the selected Qualified Buyer shall make a written, binding offer to the selling Owner, using Colorado standard real estate forms.

d. Purchase and Sale Contract. If the selected Qualified Buyer and the selling Owner are successful in their negotiations, they will enter into a purchase and sale contract, using Colorado standard real estate forms. If the negotiations fail, the Town will hold another drawing, and notify the next selected Qualified Buyer. This process will continue until the Property is under contract for sale.

e. Records. Every application and any accompanying documentation shall become the property of the Town and will not be returned to any applicant. All applicants should be aware that the Town is subject to the Colorado Open Records Act, C.R.S. § 24-72-200.1, *et seq.* ("CORA"), and as such, the Town may be required to release portions of an application that are not considered confidential under applicable law. The applicant shall have no recourse against the Town for release of any information in response to a CORA request or a court order.

f. Additional Information. Nothing herein shall prevent the Town from requesting and requiring the submission of reasonable additional information to assist the Town in determining eligibility.

6. Town Purchase.

a. Eligibility. As provided in the Deed Restriction, the Town will always be a Qualified Buyer.

b. Process. Upon receipt of a listing request for a Property, the Town may, in its sole discretion, elect to purchase the Property, in lieu of following the lottery process set forth in Section 5 hereof. Should the Town so elect, the Town will offer the selling Owner the Maximum Resale Price and thereafter purchase the Property.

c. Sale. If the Town purchases a Property, the Town may thereafter sell the Property to a Qualified Buyer following the lottery process set forth in Section 5 hereof.