

TOWN OF EAGLE LOCAL EMPLOYEE RESIDENCY PROGRAM

REQUIREMENTS AND GUIDELINES

I. PROGRAM PURPOSE

The purpose of the Local Employee Residency Program for the Town of Eagle is to increase the supply of housing that is affordable to those who live and/or work in the Town. However, this program does not exclude those who live and/or work elsewhere. In recent years, the cost of housing has increased at a rate that is faster than the increases in the earnings of low to moderate-income households. This, in turn has affected the ability of the community to retain and attract employees.

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

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

II. DEFINITIONS

The terms, phrases, words and clauses in the Local Employee Residency Requirements and Guidelines shall have the meaning assigned below. Any terms, phrases, words or clauses not defined herein shall have the meanings as defined the Town of Eagle Municipal Code. Any terms, phrases or words not defined in the code shall have the meaning assigned in Webster's Third New International Dictionary, 1993, Unabridged.

Area Median Income

The local estimates of median family income estimates and program income limits compiled and released annually by the U.S. Department of Housing and Urban Development. These figures are utilized in these guidelines and requirements to assist in the establishment of initial maximum sales prices for Local Employee Residences.

Bedroom

A room designed to be used for sleeping purposes that may contain closets, may have access to a bathroom, and which meets applicable code requirements for light, ventilation, sanitation and egress.

Capital Improvements

Unless otherwise defined in the Deed Restriction covering the Local Employee Residences, any fixture erected as a permanent improvement to real property excluding repair, replacement and maintenance costs.

Dependent

A minor child (21 years or younger) or other relative of the owner of a Local Employee Residence, which child or relative is taken and listed as a dependent for federal income tax purposes by such owner or his or her present or former spouse.

Development

The division of a parcel of land into two (2) or more parcels; the construction, reconstruction, conversion, structural alteration, relocation or enlargement of any structure; any excavation, landfill or land disturbance; or any use or extension of use that alters the character of the property.

Development Plan

The entire plan to construct or place one or more dwelling units on a particular parcel or contiguous parcels of land within the Town including, without limitation, a planned unit development, development permit review or subdivision approval.

Full-Time Employee

A person who is employed on the basis of a minimum of 1500 hours worked per calendar year, which averages 35 hours a week, 10 months a year; or 32 hours a week, 11 months of the year; and/or resides in a Local Employee Residence a minimum of nine (9) months out of any twelve (12) months.

Household

All individuals who are occupying the unit regardless of legal status.

Joint Tenancy

Ownership of realty by two (2) or more persons, each having an undivided interest with the right of survivorship. Typically used by related persons.

Local Employee Residence

A separate dwelling unit that is deed restricted in accordance with a deed restriction approved by the Town of Eagle Board of Trustees or its delegate, substantially similar to Appendix A, attached hereto and incorporated herein by this reference.

Lottery

A drawing that is held to select a winner from equal applicants of equal priority seeking to purchase a Local Employee Residence(s).

Maximum Resale Price

Unless otherwise defined in the Deed Restriction covering the residence, the owner's purchase price multiplied by the allowable appreciation plus the present value of eligible capital improvement costs including labor, if professionally provided, and for which verification of the expenditure is provided.

III. ELIGIBILITY AND OCCUPANCY**A. Eligibility**

In order to be eligible to purchase a home under the Local Employee Residency Program, an interested person must be a full-time employee, as defined, working in the Town of Eagle or for a business with its principal office located in Eagle, a retired person who has been a full-time employee in the area for a minimum of four (4) years immediately prior to retirement, or a disabled person who has been a full-time employee in the area a minimum of two (2) years immediately prior to their disability; or the spouse or dependent of any such qualified employee, retired person, or disabled person. It is the responsibility of the individual or household to demonstrate eligibility. All residents living and/or employees working in unincorporated Eagle County, municipalities within Eagle County or outside Eagle County are not excluded from this program. It is the clear preference of this program to first provide affordable units to those persons that are both full-time employees and residents in the Town of Eagle.

B. Application and Certification

A person seeking to purchase a Local Employee Residence must apply to the Town of Eagle program administrator to receive a certification that they are eligible to purchase a unit. Since eligibility is based entirely on an applicant's place of employment and residence, reasonable proof of employment and residency will be required. An applicant will not be required to meet any maximum income requirements.

Upon determination of place of employment and residency, the applicant will receive a letter stating; (1) that they are eligible to purchase a Local Employee Residence; and (2) a priority number. The purpose of this is to assure the developer/realtor that the applicant is qualified for the program and what the priority number is. This letter will also serve as notification to the buyer that they are eligible to participate in a lottery that may be held for any of the Local Employee Residences to be sold under this program, if such lottery is deemed necessary. It is the responsibility of the applicant to locate a Local Employee Residence and enter into a contract to purchase it.

A waiting list will be maintained. The program administrator at the Town of Eagle will maintain a list of qualified applicants that contains the priority number in which they were deemed to be eligible. The waiting list will be based on a first come-first served basis only. Priority numbering is established as follows:

1. Full-time employed persons residing and employed within the Eagle town limits or for a business with its principal office located in Eagle;
2. Full-time employees within the Eagle town limits or for a business with its principal office located in Eagle but not currently residing in the Town;
3. Full-time employees currently residing in but not employed within Eagle town limits;
4. Full-time employees currently not residing or working in the Town but residing or working in Eagle County;
5. Those persons neither employed nor residing within Eagle town limits or Eagle County and only if a Local Employee Residence has been on the market for at least thirty (30) days.

C. Lottery

A lottery will not be held for Local Employee Residences unless, at the discretion of the administrator and/or the Town of Eagle Board of Trustees, it is determined that a lottery is in the best interests of those households seeking to purchase a Local Employee Residence. The program administrator and/or the Town Board of Trustees will decide whether or not a lottery will be held at least thirty (30) days prior to the date the developer proposes that units will be available for purchase.

D. Income Guidelines

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

**MAXIMUM INCOME LIMITS
BY INCOME CATEGORY
(Targeted Households)**

	Category 1 ≤90%	Category 2 ≤100%
1-Person Household	\$47,210	\$52,456
2-Person Household	\$52,456	\$58,284
3-Person Household	\$58,284	\$64,760
4 or more persons	\$71,955	\$79,950

*Table updated October 24, 2005.

E. Occupancy

The purchaser of a Local Employee Residence must occupy the unit as his or her primary residence. The owner shall be deemed to have ceased to use the unit as his or her primary residence by accepting permanent employment outside of the Eagle area, or residing in the unit for fewer than nine (9) months out of any twelve (12) months unless permitted pursuant to **Section F. Leave of Absence**, below.

F. Leave of Absence

If an owner must leave the Town of Eagle for a limited period of time and desires to rent the unit during their absence, a leave of absence may be granted by the Town for up to one year. The owner must submit a request to rent the unit at least thirty (30) days prior to when the owner plans to leave the area. The request shall include the reason(s) for the leave of absence, expected duration and the intent of the owner to rent the unit. A leave of absence for more than one (1) year may be approved. However, such leave of absence may not extend longer than two (2) years.

The rent that may be charged shall not exceed the owner's monthly mortgage, plus homeowner's association dues, plus utilities remaining in the owner's name plus taxes and insurance not included in the monthly mortgage amount and land lease costs, if any. An additional \$20.00 per month may be included. The owner may impose a security deposit and damage deposit at the time a lease is executed, however, the combination of security and damage deposit may not exceed 1.5 times the monthly rent.

The owner shall rent to an employee and/or resident of the Town of Eagle who meets the eligibility provisions of the Local Resident Housing guidelines and requirements (Sub-Section B. above). The tenant must complete an application form to certify eligibility and agree to abide by the homeowner's association covenants, rules and restrictions for the unit. Both the owner and tenant must sign a statement indicating that the covenants have been provided to the tenant and the tenant has received these covenants for his/her review. In addition, a copy of the lease agreement executed between the owner and tenant shall be provided to the program administrator.

G. Deed Restriction

In order to assure that there is an on-going supply of housing that is affordable in the Town of Eagle, all Local Employee Residences will carry a deed restriction including a resale restriction that guides the future sales of these homes, substantially similar to Appendix A, attached hereto. The purchaser(s) of a Local Employee Residence must sign a document acknowledging the purchaser's agreement to be bound by the recorded deed restriction. This document must be executed concurrently with the closing of the sale and will be recorded, along with the deed restriction.

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

H. Improvements

The Town of Eagle encourages maintenance of a Local Employee Residence in good condition over time, while also balancing the need to assure there will be an ongoing of affordable housing for future residents. To that end, the selling owner may add the cost of certain capital improvements to the selling price of a Local Employee Residence during the time that the selling owner held title to the property. The cost of such permitted capital improvement shall not exceed 10% of the prior purchase price for each 10-year period (or fraction thereof) of the selling owner's ownership of the property. Examples of Permitted Capital Improvements are:

1. The addition of a habitable room or storage space;
2. The finishing of uninhabitable space if it is converted into a habitable room;
3. The conversion of a carport into a completely enclosed garage;
4. The conversion of surface parking into a carport or garage (if allowed under the development/subdivision agreement);
5. Modifications or improvements to accommodate a person with a disability as defined in the Americans with Disabilities Act of 1990;
6. Improvements that reduce the consumption of energy;
7. Kitchen and bathroom renovations, including appliances and fixtures when a minimum of \$2,000 in repairs has occurred and the kitchen/bathroom is at least 20 years old;
8. Replacement of the roof;
9. Replacement of the furnace;
10. Replacement of worn carpet of a similar grade and quality.

No other categories or types of expenditures may qualify as eligible capital improvements unless approved by the Town of Eagle. In order to receive credit for the

capital improvements, a request must be submitted in writing prior to initiating the work. Plans for each capital improvement must be submitted at least twenty-one (21) days prior to initiating the work. Notification will be given to the owner within fourteen (14) days as to whether or not the proposal is conditionally approved. Upon completion of the work, copies of receipts must be submitted to the program administrator. A ten percent (10%) "sweat equity" credit may be added to the cost of the permitted capital improvements so long as no labor costs are included in the submitted receipts. The value of the improvements will be added to the property in the year in which the improvements were completed. The year(s) in which eligible improvements are made will adjust the base value of the home from which a future home price will be established. Nothing in the deed restriction prohibits other improvements to the Local Employee Residence, however, credit will only be provided for **approved** capital improvements.

I. Re-sale of a Local Resident Housing Unit

1. An owner of a Local Employee Residence who intends to sell their home should contact the program administrator to review the deed restriction covering the unit in order to determine the maximum sales price permitted and other applicable provisions concerning a sale. Unless otherwise provided in the deed restriction, the unit must be registered for sale with the program administrator or designated agent. Following registration, the owner may elect to have the Town market the property for sale, or the owner may elect to list the property for sale with a local licensed real estate broker, as further described in the deed restriction. If the owner has voluntarily elected to sell the Residence, the owner may also choose to market the Residence himself/herself. At the discretion of the program administrator or the Town of Eagle, a lottery may be held if it is determined that there are a number of qualified households who would purchase the unit and where a lottery would be in the best interest of the community. The program administrator will oversee the sale in accordance with these Local Employee Residence Requirements and Guidelines that are in effect at the time of the registration. There shall be a minimum period of three (3) months before the price of a Local Employee Residence is adjusted. Any termination of the sale may require the payment of administrative and advertising costs.
2. These requirements are intended to assure that all purchasers and all sellers will be treated fairly, equitably and impartially. Questions will be answered and help provided to any potential purchasers or sellers equally in accordance with the current guidelines and requirements. Listings, sales contracts, extensions to contracts and closing documents will be prepared and all actions necessary to consummate the sale will be undertaken. In pursuit of this, the program administrator will be acting on the behalf of the Town of Eagle. It should be clearly understood by and between all parties to a sales transaction that the staff members are not acting as licensed brokers to the transaction, but as representatives of the Town of Eagle and its interests. The Town shall

nevertheless attempt to help both parties consummate a fair and equitable sale in accordance with the adopted Guidelines and Requirements.

3. All purchasers and sellers are advised to consult legal counsel regarding examination of title and all contracts, agreements and title documents. The retention of such counsel, licensed real estate brokers, or such related services, will be at purchaser's or seller's own expense. Certain fees paid to the Town are to be paid regardless of any actions or services that the purchaser or seller may undertake or acquire.

Advertising the sale: bid procedures

1. After the Local Employee Residence is registered for sale with the Town, in the event the owner elects to have the Town market the residence, the Town will arrange to advertise the unit for sale in two (2) consecutive weekly editions of the Eagle Valley Enterprise and either the Vail Daily or the Vail Trail. When a unit is first registered, there is an initial two-week bid period during which the unit will be advertised with two open house dates when the unit may be viewed by interested parties. The initial two-week bid period ends on the Friday after the second week of advertising. If no bids are received during the initial bid period, there will follow consecutive one-week bid periods, ending on Friday, until the unit is sold.
2. After the Local Employee Residence is registered for sale with the Town, the owner may elect to list the property for sale with a local licensed real estate broker. In such an event, the owner shall execute a standard listing contract on forms approved by the Colorado Real State Commission with a local licensed real estate broker providing for a thirty (30) day listing period. The local licensed real estate broker shall then promptly advertise the Local Employee Residence for sale to qualified buyers. Any offers to purchase shall be received by the real estate broker during the thirty (30) day listing period, but no contract for sale shall be entered into between the owner and a potential purchaser during such period. At the conclusion of the thirty (30) day listing period, the program administrator shall determine if the persons making offers to purchase the Local Employee Residence are qualified buyers, and shall determine the priority of offers received from qualified buyers in accordance with these Local Employee Residence Requirements. The owner may then proceed to enter into a contract for sale of the Residence with the qualified buyer of the highest priority.
3. In the event the owner desires to sell the Local Employee Residence, but is not required to sell the Residence by these Local Employee Residency Requirements or the deed restriction attached hereto as Appendix A, the owner may elect to market the property for sale himself or herself, after the Local Employee Residence is registered for sale with the Town. In such an event, the owner shall advertise the Local Employee Residence for sale in four (4) consecutive weekly editions of the Eagle Valley Enterprise and either the Vail Daily or the Vail Trail. During such advertising period, the Owner shall schedule

at least two (2) open house dates when the unit may be viewed by interested parties. During this advertising period, offers to purchase the Local Employee Residence shall be received by the owner, but no contract for sale of the unit shall be entered into between the owner and a potential purchaser. At the conclusion of the thirty (30) day advertising period, the program administrator shall determine if the persons making offers to purchase the Local Employee Residence are qualified buyers, and shall determine the priority of offers received from qualified buyers in accordance with these Local Employee Residence Requirements and Guidelines. The owner may then proceed to enter into a contract for sale of the Local Employee Residence with the qualified buyer of the highest priority submitting the highest offered price, not to exceed the maximum permitted sales price as established by these Local Employee Residence Requirements and the deed restriction attached hereto as Appendix A.

4. If more than one (1) bid is received during any bid period, the bids will be prioritized according to the criteria of the adopted Guidelines and Requirements. If more than one (1) bid is in top priority, a lottery will be held and the winner will be notified. If the winner of the lottery does not proceed to contract within five (5) business days after notification, the next in line will be notified and so on, until the unit is under contract for purchase. Backup contracts in the priority order set forth in the lottery will be accepted.

Prospective purchasers must be pre-qualified by a lender prior to submitting a bid for a Local Employee Residence.

Sales and Other Fees:

Administration Fee: Unless otherwise set forth in the deed restriction covering the unit, at the closing of the sale, the seller will pay the Town an administration fee equal to one and one-half percent (1.5%) of the sales price if the owner selected the Town to market the Local Employee Residence for sale. The Town may instruct the title company to pay said fees to the Town out of funds held for the seller at the closing. Unless, otherwise specified in the deed restriction, every seller shall pay a one-half percent (.5%) fee at the time of registration of the unit for sale with the program administrator. In the event that the seller fails to perform under the listing contract, rejects all offers at maximum price in cash or cash-equivalent terms, or should withdraw the registration after advertising by the Town has commenced, that portion of the fee will not be refunded. In the event that the seller withdraws for failure of any bids to be received at maximum price or with acceptable terms, the town's advertising and administrative costs incurred by the Town will be deducted from the fee, with the balance credited to the owner's sales fee when the property is sold.

Rental During Period of Registration for Sale:

If a Local Employee Residence is listed for sale and the owner must relocate to another area prior to completing the sale, the unit may, upon approval of the program

administrator or the Town of Eagle, be rented to a qualified individual, at the owner's cost as described in **Section F. Leave of Absence** for a one-year period with a possible one-year extension. A written request must be sent to the program administrator seeking permission to rent the unit until it is sold. A minimum six (6)-month written lease must be provided to the tenant with a sixty (60)-day move out clause upon notification that the unit is sold. All tenants must be qualified as described in Section F. The lease must stipulate that the Local Employee Residence is listed for sale and that the tenant will be required to allow for showings of the property, with sufficient notice. The lease must also stipulate that the agreement may be terminated after six months, with sixty days notice, due to the sale of the property.

IV. DEVELOPMENT OF LOCAL EMPLOYEE RESIDENCES

Pursuant to Ordinance #19, Series of 2002, an applicant for any new residential development permit, subdivision, planned unit development, special use permit or annexation within the limits of the Town of Eagle is subject to the Inclusionary Residential Requirements for Local Employee Residency. This ordinance requires that residential developments of ten (10) or more units must construct and set aside at least 10% of those units as Local Employee Residences as defined in these Guidelines and Requirements. The requirement is imposed as a condition of approval for all residential development, including:

- Annexations
- Planned Unit Developments
- Subdivisions
- Development Permits
- Special Use Permit

This ordinance specifically requires that:

- 10% of the total of all new dwelling units of developments of ten (10) or more units be constructed and deed restricted for Local Resident Housing;
- Projects that propose less than thirty (30) units that result in a fraction of a required unit shall round **down** to the nearest integer and projects that propose thirty (30) units or more shall round to the nearest integer;
- The average of the sales prices proposed for the Local Employee Residences results in a price that is affordable to households earning 90% of the Maximum Income Limits (Category 1) and shall not exceed 100% (Category 2) as defined herein by these Guidelines and Requirements and reflected in the Maximum Initial Sales Price Cap (Section D below).

A. Preference for Local Employee Residence Location

It is the clear preference of the Local Employee Residency Program to include Local Employee Residences within the proposed development (on-site housing). These units are to be distributed throughout the proposed development, to the extent possible. Off-

site housing will not be approved nor will it be considered. The type of Local Employee Residences shall reflect the type and mix the of market rate dwellings. For those developments of less than thirty (30) units whose calculation results in a fraction of a unit, the Local Employee Residence requirement shall be rounded **down** to the nearest integer. For those developments of thirty (30) or more residential units whose calculation results in a fraction of a unit, the Local Employee Residence requirement shall be rounded to the nearest integer (up or down).

B. Local Employee Residency Plan

At the time of requesting Subdivision Preliminary Plan Approval, PUD Development Plan Approval, Development Permit Approval or Special Use Permit Approval, demonstrated compliance with the Local Resident Housing Requirements as set forth herein will be required of any residential development of ten (10) or more units. In order to receive preliminary plan approval for a subdivision or development permit, an applicant must receive an approved, preliminary determination of the acceptance of the developer's Local Employee Residency Plan. The Local Employee Residency Plan will be considered by the Town Board of Trustees for preliminary review prior to or concurrent with the application for the free market portion of the project.

At a minimum, the Local Employee Residency Plan must indicate the number of Local Employee Residences proposed, the number of units required by these requirements and demonstrated compliance with an average anticipated sales price that is affordable to households earning 90% and not to exceed 100% of the Maximum Income Limits as reflected in Section D. below, Maximum Initial Sales Price Caps. If more than one (1) Local Employee Residence is required according to these requirements, the following information must also be included in the Local Employee Residency Plan:

1. Total number of proposed attached residential units by bedroom configuration;
2. Total number of proposed detached residential units by bedroom configuration;
3. Proposed unit type, size (square footage of finished, heated living space), number of bedrooms, and current initial sales price for each attached Local Employee Residence;
4. Proposed unit type, size (square footage of finished, heated living space), number of bedrooms, and current initial sales price for each detached Local Employee Residence;
5. Average expected size of finished square footage, excluding garages and unfinished basements of the proposed Local Employee Residences and average expected size of finished square footage of market rate housing units, excluding unfinished basements and garages;
6. Average lot size of the proposed Local Employee Residences and average lot size of market rate housing units (if applicable);
7. Location of proposed Local Employee Residences, by unit type and size;
8. Concept for marketing to households that may be eligible for the Local Employee Residences;

9. Computation that clearly delineates how the average cost of the Local Employee Residences was derived to meet the requirement that the average sales price of all Local Employee Residences is affordable to households earning 90% of the Maximum Income Limits as reflected in the Maximum Initial Sales Price Caps (Section D, below) and incorporated herein in these Guidelines and Requirements.

An approved Local Employee Residency Plan will become part of the Subdivision Improvement Agreement, a condition of approval of a Development Permit or a Special Use Permit, or Annexation Agreement executed by the Town of Eagle for any approved project. Any amendment to the approved Local Employee Residency Plan will require the approval of the program administrator who may require review and approval by the Town Board of Trustees.

It is recognized that approval procedures can be time consuming and that maximum purchase prices can change over that time. Therefore, it will be the responsibility of the developer to obtain a sales price confirmation from the program administrator based upon the published Maximum Initial Sales Price Caps at least thirty (30) days prior to submitting an application to the Town for a building permit for construction of a Local Employee Residence. If the published maximum price caps are changed after the sales price confirmation has been issued, the Developer may request the program administrator to issue new sales price confirmation. The right to refuse any such request is hereby reserved by the Town.

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

C. Minimum Square Footage

Assurance of a minimum square footage is not a function of these Guidelines and Requirements. It is expected that Local Employee Residences will be as livable with regard to habitable space as any market-rate dwelling unit. With this in mind, the following table is offered.

RECOMMENDED MINIMUM SQUARE FOOTAGES

Unit Type	Category 1	Category 2
Studio	400	500
1-Bedroom	600	700
2-Bedroom	850	950
3-Bedroom	1,000	1,200
S.F. Detached	1,100	1,300

D. Sales Prices

The following table, on page 13, sets forth the maximum sales price for each newly deed-restricted Local Employee Residence available to the initial purchaser.

MAXIMUM INITIAL SALES PRICE CAP

	Category 1 90%	Category 2 100%
Studio	\$167,400	\$186,000
1-Bedroom	\$195,300	\$217,700
2-Bedroom	\$223,200	\$248,000
3-Bedroom	\$251,100	\$279,000
SF Detached	\$279,000	\$310,000

*Table updated October 24, 2005.

Assumptions:

Down payment: 5%

Length of mortgage: 30 years

Interest rate: 6.17%

Percent dedication of gross income: 33%

Property taxes: $((0.0915 \times \text{purchase price}) \times 0.052)/12$
(assessed valuation x average mill levy)

Hazard insurance: $0.0035 \times \text{loan amount}/12$

Private mortgage insurance: $0.0078 \times \text{loan amount}/12$

*Assumptions updated October 24, 2005.

Sales prices will be reviewed at least quarterly by the program administrator to reflect changes in any of the above assumptions. Sales prices for Local Employee Residences will be finalized as described above at the discretion and convenience of the developer/builder. It is the responsibility of the developer to obtain a sales price confirmation from the program administrator based upon the published Maximum Initial Sales Price Caps. If the published maximum price caps are changed, during the 120-day period described above, the Developer may request the program administrator to issue new sales price confirmation. The right to refuse any such request is hereby reserved by the Town.

E. Unit Quality

Local Employee Residences are assets that the Town of Eagle intends to have available for years to come. Because of this, the quality of the housing is very important. It is expected that all units will meet local building codes and be built to a standard that will enhance durability over time. If market rate units include features such as dishwashers, disposals, air conditioning and energy efficient windows, it is expected that Local Employee Residences will contain similar features.

F. Deed Restrictions

All Local Employee Residences are required to have a deed restriction substantially similar to Appendix A, attached hereto, that will control the re-sale price of the home. The deed restriction will be provided to the developer for review at the time of approval of the Local Employee Residency Plan. Prior to the issuance of a building permit for a project, the program administrator shall have an approved, executed and recorded deed restriction for the required commitment by the applicant. Such deed restriction shall not be subject to any recorded liens or encumbrances.

G. Local Employee Residence Schedule

Developers are required to construct Local Employee Residences prior to, or concurrently and proportionally with, the production of market rate housing or the sale of market rate lots, as the case may be. Prior to receiving a development approval, the developer must provide the program administrator with a proposed production schedule that clearly delineates the expected start and completion dates of the market rate units and/or lots and the Local Employee Residences.

H. Eligibility

Eligibility for Local Employee Residences will be made without regard to race, color, creed, religion, sex, disability, national origin, familial status or marital status. The intent of the Local Employee Residency Program is to provide housing opportunities for low to moderate-income households that live and/or work in the Town of Eagle. To that end, the developer must assure that units are sold only to persons who are in possession of certification that they are eligible to purchase a unit and what their priority rating is. This certification should be presented to the developer, or their representative, prior to finalizing a purchase contract.

I. Initial Sales of Local Employee Residences

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

administrator and a determination of the priority of potential qualified buyers, if necessary.

V. SPECIAL REVIEW

A Special Review for a variance from the strict application of these Guidelines may be requested if an unusual hardship or special circumstance can be shown, and the variance from the strict application of the Guidelines is consistent with the Local Employee Residency Program intent and policy. In order to request a Special Review, a letter must be submitted to the program administrator stating the request, with documentation regarding the unusual hardship or special circumstance. The Applicant shall submit any additional information reasonably requested by the program administrator and a Special Review meeting will be scheduled in a timely manner.

The Town Board may grant the request, with or without conditions, if the approval will not cause a substantial detriment to the public good and without substantially impairing the intent and purpose of the Guidelines, and if an unusual hardship or special circumstance is shown.

VI. GRIEVANCES – ALTERNATIVE DISPUTE RESOLUTION

A. Agreement to Avoid Litigation

All persons subject to Ordinance No. 19, Series of 2002, including developers, purchasers of Local Employee Residences, the Town of Eagle, Colorado, and any duly designated housing authority (collectively, “Bound Parties”), agree to encourage the amicable resolution of disputes involving such Ordinance, and these Requirements and Guidelines, without emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein (“Claims”) shall be resolved using the mediation and arbitration procedures set forth below.

B. Claims

Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of Ordinance No. 19, Series of 2002, and these Requirements and Guidelines, or the rights, obligations and duties of any Bound Party under such Ordinance and these Requirements and Guidelines shall be subject to the provisions of this Section. The Town is not required to follow the alternative dispute resolution process set forth in this Section when seeking equitable relief to enforce the terms of the Ordinance, these Requirements and Guidelines, or a master deed restriction, including but not limited to, an action for specific performance or injunctive relief. The alternative dispute resolution process also does not apply to the Town’s criminal enforcement of Ordinance No. 19, Series of 2002.

C. Mandatory Procedures

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

a. The nature of the Claim, including the persons involved and Respondent’s role in the Claim;

b. The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

c. Claimant’s proposed remedy; and

d. That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

2. Negotiation and Mediation.

a. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

b. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Eagle County, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Eagle County, Colorado, area.

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

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

3. Arbitration

a. Any Claim not resolved by mediation shall be decided by arbitration in accordance with the simplified rules of the American Arbitration Association currently in effect and the Uniform Arbitration Act, Sections 13-22-201 *et. seq.*, C.R.S., unless the Parties mutually agree otherwise.

b. A Demand for Arbitration shall be filed in writing by the Claimant with each Respondent. A Demand for Arbitration may be made concurrently with the Notice set forth in subsection c.1. above, or may be made within twenty (20) days after issuance of the Termination of Mediation. The Demand for Arbitration shall contain the same information as set forth in subsection C.1. a through c above. In no event shall the Demand for Arbitration be made after the date when institution of legal or equitable proceedings based upon such Claim would be barred by the applicable statute of limitations.

c. Within twenty (20) days following submission of a Demand for Arbitration or the issuance of a Termination of Mediation, which ever shall last occur, Claimant, shall appoint, by written notice to Respondent, an arbitrator. Within twenty (20) days after receipt of such notice from the Claimant, Respondent shall appoint a second arbitrator, and in default of such second appointment the first arbitrator shall be deemed the sole arbitrator.

d. Within twenty (20) days after appointment of the two (2) arbitrators as provided for above, the arbitrators shall, if possible, agree on a third arbitrator and shall appoint him or her by written notice signed by both of them with a copy mailed to each Party within twenty (20) days after such appointment.

e. In the event twenty (20) days shall elapse after the appointment of the second arbitrator without notice of appointment of the third arbitrator as provided for above, then either Party, or both, may in writing, within twenty (20) additional days, request the Eagle County District Court to appoint the third arbitrator in accordance with the Uniform Arbitration Act.

f. Upon appointment of the arbitrators as provided for above, such arbitrators shall hold an arbitration hearing at a location designated within Eagle County, within ninety (90) days after such appointments. At the hearing, the simplified rules of the American Arbitration Association and the Uniform Arbitration Act, Sections 13-22-201 *et. seq.*, C.R.S., shall apply. The arbitrators shall allow each Party to present that Party's case, evidence and witnesses, if any, and shall render their award, including a provision for payment of the costs and expenses of arbitration, to be paid by one or both of the parties as the arbitrators deem just. A written decision by the arbitrators shall be issued within thirty (30) days after the close of the submission of evidence.

g. The decision of the majority of the arbitrators shall be binding on the Bound Parties, and may only be appealed as set forth in the Uniform

Arbitration Act, Sections 13-22-201 *et. seq.*, C.R.S. Upon application of either Party, the Eagle County District Court shall confirm an award of the arbitrators and such order may be enforced as any other court judgment or decree, as further set forth in the Uniform Arbitration Act.