



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motions:

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Reasons for Recommendation:

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Policy Analysis and Background (non-consent items only):

Goal 1: Create + Preserve Housing
Action: Pathway to Ownership
Ownership and Preservation Pilot Program Guidelines
Over the past 12 months, staff has worked to create a Category Local deed-restriction purchase program to assist with homeownership and preservation of existing market housing units for long-term local occupancy. The program, called the Ownership and Preservation Program, is proposed as a 2-year pilot, allowing for review, assessment, and revision of program policies and funding allocations before committing to a permanent program.

The opportunity to assess and revise is particularly critical given the uncertain economic conditions in the Wood River Valley and nationally that have emerged since 2020. Today, interest rates at 20-year highs restrict the purchasing power of local households, which already face unprecedented housing prices. However, changes to economic conditions over the next two years may be as unpredictable as the previous three.

To develop the proposed pilot program guidelines, staff hosted three focus groups with local experts, realtors, and mortgage lenders to introduce the program and receive feedback to refine program details. Staff also surveyed residents and city employees to gauge interest in the program during the 2023 Blaine County Housing Survey and City Employee Survey.

In June and July, staff brought three key policy questions to the City Council for direction prior to finalizing the pilot program guidelines. Following staff presentation of additional research and analysis at the July 17 City Council meeting, the City Council provided the following program direction.

1. ***Should the program be expanded beyond owner-occupancy to allow restricted properties to be rented?*** Yes, limit the pilot program to ownership properties and start small, given the limited amount of funding and Housing Action Plan direction for a pathway to ownership tool. Opening the Program to investors, employers etc. to allow for Category Local-restricted rental properties can be considered based on program results.
2. ***Should the program require appreciation caps on restricted properties?*** The City Council advised following staff's recommendation for a two-option program to allow for appreciation capped and uncapped restrictions with different valuations. This allows a participating household to determine the terms and value that works best for their situation. See below for description.
3. ***What should be the geographic limits for properties participating in the program?*** The majority of the City Council directed staff to limit the pilot to the City of Ketchum to start, recognizing that the program can be evaluated and expanded beyond the city limits if needed or desired in the future.

With this policy direction, staff have drafted the attached Ownership and Preservation Pilot Program Policies for approval.

Proposed Deed Restriction Value

Peer communities that have launched similar deed restriction purchase programs offer a range of cash incentives for their deed restrictions, from approximately 10-30% of the appraised value. These values depend both on the terms of the deed restriction and their estimated impact on the home's value, as well as the level of assistance that is needed to make home ownership and/or stability attainable. The Ownership and Preservation Pilot Program includes two Category Local deed-restriction option: one with an appreciation cap of up to 3% annually (pegged to the Mountain Region Consumer Price Index) and one without any appreciation cap. Staff recommends valuing these deed restrictions differently, as the appreciation-capped restriction better protects the public investment for future owners but offers potentially less financial upside for the owner at sale.

The Program Policies propose the following deed restriction funding amounts:

Appreciation-capped Deed Restriction: 30% of the appraised value of the housing unit or purchase price, whichever is less, with a maximum of \$225,000.

Uncapped Deed Restriction: 15% of the appraised value of the housing unit or purchase price, whichever is less, with a maximum of \$125,000.

The recommended value for appreciation-capped units is in line with the Town of Breckenridge, Colorado's appreciation-capped deed-restriction value. Jackson/Teton County's appreciation-capped deed-restriction offers 20% of value, but according to their Housing Director, is not enough under current conditions. For

uncapped deed-restrictions, the standard across similar communities appears to be 15% of value. Staff recommend different maximums to ensure that the appreciation-capped option is attractive for similarly priced homes. The \$225,000 maximum would provide 30% of the value of a \$750,000 home. Higher-priced homes could receive \$225,000 but less than 30% of the value.

Local Ownership Deed Covenant & Program Mortgage Template

As was previously done with the rental deed restriction template, approved in February 2023, staff have worked with Grounded Solutions Network, a national consulting firm for housing trusts and deed-restricted housing, to produce the attached Ownership Deed Covenant and Program Mortgage. The template is modeled on a national template produced by Grounded Solutions Network in consultation with Fannie Mae and Freddie Mac. The Program Mortgage is an additional tool, recommended by Grounded Solutions, that ensures that the deed restriction will pop during a title report, providing a back stop to ensure that the deed restriction is not lost or overlooked. Staff has shared the draft deed restriction with local lenders, real estate agents, and developers for review and comments. Staff is reviewing the template with legal counsel for any final revisions.

The Ownership Deed Covenant template will be used for the Ownership and Preservation Program and includes options for both an appreciation cap and no appreciation cap.

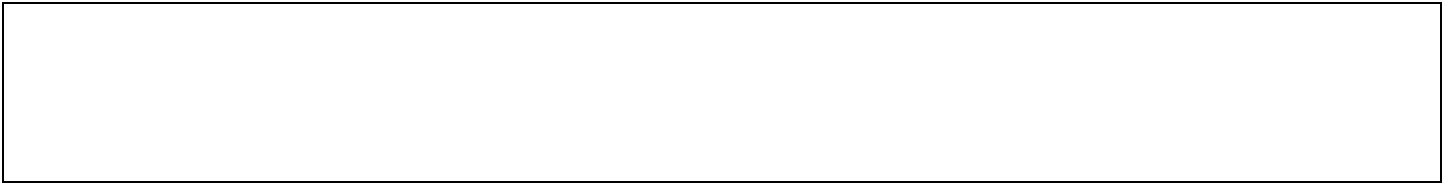
Blaine County Housing Authority Community Housing Administrative Guidelines

In February 2023, the City Council adopted Blaine County Housing Authority's latest Community Housing Administrative Guidelines (Policies) for reference in future City of Ketchum-held deed restrictions. On June 14, 2023, the Blaine County Housing Authority Board adopted updates to the Community Housing Administrative Guidelines, based on review and recommendations from staff and consultant Sunny Shaw.

Staff now recommend that the City Council adopt the latest version of the BCHA Community Housing Guidelines.

Staff notes that the proposed Ownership and Preservation Program Policies include the following changes from the recently approved BCHA Guidelines regarding qualification criteria. Staff intends to bring these changes to the BCHA for adoption with the next update:

1. Update retirement definitions to align with policies adopted for Bluebird Village.
 - a. Raise retirement age from 62 to 65.
 - b. Require that the person worked full-time for a Blaine County business for not less than 10 of the last 15 years (reduced from 25 years) and was a full-time employee for a Blaine County business immediately prior to retirement.
2. Allow full-time work exceptions for Households consisting exclusively of informal caregivers or single parents/guardians and their dependents, if the dependents are either disabled or under the age of 4, subject to review and approval by the Blaine County Housing Authority Board.
3. Allow self-employment to satisfy full-time Blaine County employment requirements if:
 - a. 75% of revenues are derived from clients located in Blaine County, and/or
 - b. 75% of clients are located in Blaine County



Sustainability Impact:

Community housing houses members of the community locally, ensuring that residents are closer to their places of work, recreation, and other services. This proximity helps to decrease transportation time and reduce vehicle-related emissions associated with commuting to and from work from outside of the community.

Additionally, the proposed Ownership and Preservation program converts existing housing units into community housing, utilizing existing housing stock, land, and resources.

Financial Impact:

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| None OR Adequate funds exist in account: | The Ownership and Preservation Pilot Program would be funded through LOT funds over a 2-year period, with a total budget of \$1 million. \$500,000 in allocated in the Housing Department's FY24 budget. |
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Attachments:

- | |
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| 1. Draft Ownership and Preservation Pilot Program Policies |
| 2. Draft Local Ownership Covenant and Program Mortgage Template |
| 3. Blaine County Housing Authority Community Housing Administrative Guidelines, adopted June 14, 2023 |

Ketchum Ownership and Preservation Pilot Program

Program Description and Policies

1 PILOT PROGRAM OVERVIEW

The Ownership and Preservation Program (the “Program”), offers cash incentives to homeowners in exchange for recording a deed-restriction on their property to restrict ownership and occupancy of the housing unit to qualified locals working and/or living within the geographic boundaries of Blaine County, Idaho. The goals of the program are to assist community members in accessing homeownership, to help existing local homeowners remain in the community, and to preserve the supply and prevent leakage of housing available for ownership by locals and local workers. The Program includes two program options, which provide different deed-restriction terms and corresponding cash incentive values.

2 PROGRAM DEFINITIONS

(a) Category Local: A community housing classification which does not have an income limit but requires that an occupant household meet asset limits and the Basic Qualifications for Community Housing, as defined by the latest adopted version of the Blaine County Housing Authority Community Housing Administrative Guidelines (“BCHA Guidelines”).

(b) Housing Unit: A housing unit is a single-family house, townhome, condominium, that is intended for occupancy living quarters and can be owned individually. It does not include multi-family rental units, accessory dwelling units, or commercial lodging units.

(c) Property Owner: The individual(s) or legal entity that holds fee title to the property, as reflected on the recorded documents.

(d) Qualified Household: A Qualified Household is any group of individuals living together in one home as their primary residence, meeting the following criteria:

- a. At least one non-dependent member of the Qualified Household must be a Full Time employee, as defined in the BCHA Guidelines, employed by one or more Blaine County employers and physically working in Blaine County, or the Household must meet one of the following exemptions:
 - i. The Household consists of one or more retired persons over the age of 65 who was a full-time employee of an entity located within Blaine County, Idaho or self-employed immediately prior to retirement and for not less than ten (10) out of the fifteen (15) years prior to qualification, and continued living as a full time resident within Blaine County following their retirement.
 - ii. The Household consists of one or more persons unable to work or who does not have a work history due to qualifying for disability as defined by the Americans with Disabilities Act

- (ADA) and who currently resides in Blaine County as their Primary Residence.
- iii. The Household consists of one non-dependent adult who is either a full-time, single parent or guardian of a child under the age of 4 or a full-time, informal caregiver of a child or an adult with a disability. This exemption is subject to review and approval by the Blaine County Housing Authority Board.
 - iv. A member of the Household is a full-time teacher at a school located within Blaine County.
 - v. A member of the Household actively serving in the U.S. Armed Services counts as full-time employment in Blaine County, Idaho if that member of the Household met employment criteria for a minimum of two years prior to enlisting and if the individual has returned to employment in Blaine County within sixty (60) days of terminating enlistment with the U.S. Armed Services.
 - vi. If a member of the Household is self-employed, either 75% of the clients and customers of the business or organization must be or 75% of the total revenues must be from clients and customers physically located in Blaine County, Idaho. The self-employed member must work a minimum of 1,500 hours per year
- b. At least one (1) member of the Household must be eighteen (18) years of age.
 - c. No member of the Household may own developed residential real estate or a mobile home other than the housing unit that serves or will serve as the Household's primary residence and will be subject to a Category Local deed-restriction upon participation in the Program. However, ownership of shared inheritance of developed residential real estate will not disqualify the Household and may be reviewed by the Blaine County Housing Authority Board. Ownership of developed residential real estate outside of Blaine County will not disqualify a Household at the time of application from receiving a Letter of Qualification, but Funding Disbursement may be withheld the Household has ceased ownership of the property.
 - d. The Household Net Worth (the total net worth of all members of the Household) must not exceed the Allowable Net Worth or Allowable Net Worth of Persons of Retirement Age, which shall be 65 years of age for this program, depending on household composition, specified for Category Local and updated annually by the Blaine County Housing Authority.

3 PROGRAM ADMINISTRATION

The City will administer the Program with support from the Blaine County Housing Authority.
City of Ketchum Role: The City will oversee and fund the Program and establish and modify these Program Policies.

Blaine County Housing Authority Role: The Blaine County Housing Authority will function as the administrator of all Category Local deed-covenants recorded as part of the Program. The Blaine County Housing Authority will also be responsible for review of applications, compliance, and reporting to the City.

4 PROGRAM FUNDING

4.1 Funding Amounts

The City will provide 15% to 30% of the appraised value of the housing unit or, in the event the housing unit is being purchased, the purchase price, whichever is less. Funding percentages will be commensurate with the requested program option and corresponding deed-restriction, as follows:

Program Option 1: The City will provide 30% of the appraised value of the housing unit or purchase price, whichever is less. The Category Local deed-restriction will have an appreciation cap (defined in section 6). Funding will not exceed \$225,000.

Program Option 2: The City will provide 15% of the appraised value of the housing unit or purchase price, whichever is less. The Category Local deed-restriction will not have an appreciation cap. Funding will not exceed \$125,000.

4.2 Funding Disbursement

Funds will not be disbursed until Final Approval, which will not occur until the following conditions have been satisfied:

- a. **Title Company.** Closing must take place at a title company.
- b. **Appraisal.** A complete appraisal dated within sixty days must be submitted to the City prior to final approval.
- c. **Home Inspection.** A professional home inspector must perform an inspection and complete and submit a home inspection report to the City dated within sixty days prior to closing.
- d. **Title Insurance.** The buyer or owner must provide title insurance to insure clear title to the property prior to recording the deed-restriction.
- e. **Approval of Closing Statement.** The final closing statement must be reviewed and approved.
- f. **Final Loan Approval.** If applicable, a letter from any mortgagee stating that the buyer has received final loan approval for financing of the purchase of the housing unit.
- g. **Category Local Ownership Deed Restriction.** The buyer or owner must execute the applicable Category Local Ownership deed restriction and corresponding Program Mortgage. The Title Company will record the applicable deed restriction and Program Mortgage at time of closing.

- h. Closing Instructions.** The City will provide instructions to the title company concerning required signatures, recording of documents, and disbursement of funds.

4.3 Use of Funds

There are no restrictions on recipients' use of the Ownership and Preservation Program funds. Funds may be used toward down payment and closing costs or for any other purpose.

5 ELIGIBILITY & REQUIREMENTS

5.1 Program Application and Documentation

Applicants must submit a complete copy of the Application for Participation in the Ownership and Preservation Program through the Blaine County Housing Authority. Applicants participating in the program to purchase a home must also provide evidence of completion of the BCHA-approved Homebuyer Education Course.

The application will be reviewed and additional documentation may be required following the procedures of the Blaine County Housing Authority Community Housing Administrative Guidelines. If the applicant is approved, a Qualification Letter will be issued to the applicant. The Qualification Letter is good for six months. All applicable qualification criteria must continue to be met by the applicant through the closing of qualified housing with available Program funds. Any changes to the information that was included in the application must be reported to the City and BCHA and may require re-qualification and issuance of a new Qualification Letter prior to Final Approval and commitment of funds.

5.2 Housing Unit Eligibility & Requirements

To participate in the Program, Housing Units must meet the following requirements.

- (a) Location: The Housing Unit must be located within the city limits of the City of Ketchum.
- (b) Status: The Housing Unit must be a legally permitted dwelling unit and not have any known code violations or open code violation cases.
- (c) Eligible Properties: The Housing Unit must be a single-family house, condominium, or townhome, that is not otherwise deed-restricted or otherwise restricted for local occupancy or affordability.
- (d) Property Condition: The Housing Unit must meet basic health and safety criteria as may be required per Idaho law and regulations.

5.3 Applicant Eligibility and Requirements

Property Owners who participate in the program must meet the following requirements and follow the applicable requirements and policies of the Blaine County Housing Authority Community Housing Guidelines.

(a) Qualified Household: The Property Owner must be a member of a Qualified Household, as defined in Section 2.

(b) Ongoing Obligations for Community Homeownership: The Property Owner must comply with all provisions of the recorded Category Local deed covenant and adhere to the ongoing obligations and requirements for Community Homeownership described in the most recently adopted Blaine County Housing Authority Community Housing Administrative Guidelines. Where the requirements of the recorded Category Local deed covenant and the Blaine County Housing Authority Community Housing Administrative Guidelines may conflict, the requirements of the deed covenant shall govern. Property Owner is required to annually submit information verifying compliance with program criteria.

6 RESTRICTED HOUSING UNIT REQUIREMENTS

Housing units will be deed-restricted with a Category Local ownership covenant, using the template provided by the City of Ketchum. Restricted housing units will meet the following requirements, consistent with the Category Local deed-restriction template and the BCHA Guidelines:

- a. **Owner Occupied.** The restricted housing unit will be owner occupied year-round, consistent with the minimum occupancy terms of the BCHA Guidelines.
- b. **Rental.** Rental of a Category-Local ownership deed-restricted housing unit will follow the BCHA Guidelines for Long-Term Rental of Community Housing. No portion of the home may be used as a short-term or vacation rental.
- c. **Deed-Restriction Term.** The deed-restriction will last 70 years unless sold to a new Qualified Household or as determined in the Deed-Restriction. At closing, a new deed-restriction will be recorded.
- d. **Appreciation.** Appreciation of the value of the restricted housing unit depends on the elected program option and corresponding deed restriction.
 - i. **Program Option 1: Appreciation Cap.** Appreciation of the value of the restricted housing unit is equal to the previous sales price plus any increase in the cost of living during the Property Owner's ownership of the property, as determined by the Consumer Price Index, Wage Earners and Clerical Workers (CPI-W), Mountain Division, All Items (2017 = 100) published by the Bureau of Labor Statistics, United States Department of Labor. Annual appreciation shall not exceed 3% per annum.
 - ii. **Program Option 2: No cap.** Appreciation of the value of the restricted housing unit is not limited. The housing unit may be sold at any price to a Qualified Household.
- e. **Sale.** Sale of a deed-restricted Category Local ownership housing unit will follow Blaine County Housing Authority Community Housing Administrative Guidelines for Selling Community Housing.
- f. **Change of Ownership:** If the Housing Unit changes ownership during the effective period of the deed-restriction, the deed-restriction remains intact and will be re-recorded. The new owner must be a Qualified Household and is subject to the terms of the new, recorded deed-restriction.

7 PROGRAM DURATION

(a) The Program is a two-year pilot that starts on 9/1/2023. If the Council takes no action to extend or renew this program, it shall automatically expire on 8/31/2025.

(b) City staff will review program progress and provide periodic updates and recommendations to the City Council regarding the continuance of and/or modifications to the Program.

At a minimum, at least three (3) months before the end of the pilot term, City staff will provide a report to the City Council using the following criteria to measure success of the program:

- i. Number of people served (including children)
- ii. Number of housing units preserved
- iii. Types/Sizes of units preserved
- iv. Sales prices of each home preserved
- v. Income of program participants
- vi. Funds expended and funds remaining
- vii. Barriers to participation/eligibility for the program

Green = Must fill in information and/or choose one of the options provided. Language can be edited.

Red = Must include exact language to satisfy Government Sponsored Enterprise requirements; do not edit. Note that red language sometimes appears within yellow language; if the yellow optional language is used, the red language must be included (if the yellow language is deleted, the red language can be deleted along with it).

Blue = Must be included for category L covenant. **Gray** = if appreciation capped.

Yellow = Must be included for homes derived from design approval by Ketchum City Council or plat Exceedance Agreement

Purple = to discuss

Recording Requested By and
When Recorded Return to:

City of Ketchum
In-person pickup preferred (208-726-7801)
P.O. Box 2315
Ketchum, ID 83340

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DECLARATION OF LOCAL OWNERSHIP COVENANT

This Deed Restriction is entered into between [FULL NAMES OF OWNERS], [each] an [individual, business, LLC] [[together, and] with permitted heirs, successors, and assigns the “**Owner**”) having a mailing address of [ADDRESS OF DEVELOPER/OWNER] and the City of Ketchum, a municipal corporation of the State of Idaho, including successors and assigns (the “**City**”). The Parties make this Declaration of Affordability Covenant (this “**Declaration**”) as of [Month Date], 20[Year] (the “**Effective Date**”), for the purpose of encumbering the improved real estate described on attached Exhibit A (the “**Home**”), having an address of [Street Address, City, State, Zip Code].

RECITALS

1. To satisfy a condition of approval, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and the City are entering into this Covenant and Declaration.
2. The City operates a program to preserve local housing opportunities through the stewardship of homes whose owners, at the time of permitting, have agreed to accept certain covenants, conditions, and restrictions in exchange for an exceedance of development standards or other incentives (the “Program”).
3. The purpose of this Declaration is to include the Home[s] in the Program, as per [DESCRIBE MECHANISM: Ownership & Preservation Program, design approval by Ketchum City Council or plat Exceedance Agreement] dated [Month Date], 20[Year]. Consistent with the Program, this Declaration includes terms that affect the use of the Home and are designed to ensure that the Home continues to be available to households who live full-time and/or work in Blaine County over an extended period and through a succession of owners.
4. Pursuant to the terms and conditions of this Deed Covenant, Owner hereby grants to the City an interest in the Property, as more specifically set forth herein. This interest must allow the City to administer the terms and conditions of this Deed Covenant and of the Guidelines, defined below, but is not to be construed to impair the ability of a mortgagee to

remedy a default or foreclose under the terms of a mortgage and/or deed of trust. Notwithstanding the City's interest in the Property set forth herein, the Owner is the sole owner of a fee simple estate in the Property.

5. The Owner wishes to restrict the Home in exchange for a financial incentive, as described below, and the financial incentive is available only if the Owner accepts that the title to the Home is subject to this Declaration.

Article I. Submission of Real Estate, Defined Terms

1. Submission of Real Estate. By signing this Declaration, the Owner submits the Home to the covenants, conditions, and restrictions of this Declaration for the benefit of the City. The City, including through any Program Administrator the City may appoint from time to time, will have the right to enforce this Declaration.
2. Consideration; Value Exchanged. The Owner recognizes that the Home would otherwise be market rate but the Owner is voluntarily building in exceedance of existing code requirements or receiving other detailed incentive in exchange for the inclusion of deed-restricted units in the development. The Owner recognizes that the current Market Value of the Home is \$_____, and the Owner will receive _____% of the current Market Value totaling \$_____ only if the Owner submits the Home to this Declaration, and the Owner wishes to submit the Home to the Declaration, and agree to its terms, in exchange for this benefit.
3. Any Excess Proceeds of Transfer Go to City.
 - A. The Owner recognizes that it would be contrary to the purposes of this Declaration if the Owner could receive more than the as-is restricted and encumbered value of the property ("Maximum Sale Price") as the result of an eminent domain proceeding or foreclosure. It would also be contrary to the purposes of this Declaration if the Owner could receive financial benefit by violating Article II.2 ("Home may not be leased, Short-term Rented, Encumbered, Sold, or Transferred"). Therefore, the Owner hereby irrevocably assigns to City any net proceeds of eminent domain proceeding or foreclosure, that would otherwise have been payable to the Owner after satisfaction of all Mortgages, if applicable, and that exceed the amount of proceeds that the Owner would have received if the property had been sold only for the Maximum Sale Price or used only in accordance with this Article (I.3 "Any Excess Proceeds of Transfer Go To City"). For the avoidance of doubt, the Owner authorizes and instructs any party conducting any eminent domain proceeding or foreclosure to pay such Excess Proceeds

directly to City. If, for any other reason, Excess Proceeds are paid to Owner, Owner hereby agrees to promptly pay such amount to City.

- B. In addition to the lien of the Program Mortgage, the City must have, and the Owner hereby grants and consents to, a lien upon the Home for any Excess Proceeds. Such lien will be prior to all other liens and encumbrances on the Home except (i) liens and encumbrances recorded before the recording of this Declaration and (ii) liens for real property taxes and other governmental assessments or charges against the Home. For the avoidance of doubt, Owner's assignment to City of Excess Proceeds in Section 1.03(a), and the City's right to enforce collection of Excess Proceeds through foreclosure of its lien under the Program Mortgage and this Section 1.03(b), shall be subordinate in all respects to the lien of any Permitted Mortgagee under a Permitted Mortgage.

4. Term of Declaration if 70 years.

- A. This Declaration will remain in effect for seventy (70) years after the Effective Date (the "Term"), unless terminated earlier by recordation of a new Declaration upon transfer of the Home to a new Owner in accordance with Article VII; or (ii) foreclosure of a Permitted Mortgage and expiration of the Purchase Option under Article VI.
- B. Upon expiration of the full Term, the Owner will have the option either to (i) record an amendment to this Declaration encumbering the Home for an additional term; or (ii) pay to the City the Excess Proceeds that would be received by the Owner if the Owner, upon expiration of the Term, were to sell the Home unencumbered by this Declaration to a third party in a bona fide arm's length transaction. If the Owner does not elect option (i) by recording an amendment before expiration of the Term, the Owner will be deemed to have elected option (ii). Excess Proceeds will be calculated and paid under option (ii) as follows:
- i. The City, at its sole cost and expense, will obtain an Appraisal of the Home to include the Maximum Resale Price (as-is restricted and encumbered value of the property) and the market, unencumbered value;
 - ii. The City will calculate Excess Proceeds by subtracting the Maximum Resale Price from the Market Value of the Home, as determined by the Appraisal; and
 - 1) If the calculation in this subparagraph (ii) results in a negative number (in other words, if the Maximum Resale Price is higher than the Market Value), the Owner will not owe any Excess Proceeds, and the City will promptly record a release of this Declaration; or
 - 2) If the calculation in this subparagraph (ii) results in a positive number (in other words, if the Maximum Resale Price is lower than the Market Value), the Owner must pay the Excess Proceeds to the City within 90 days after receiving the City's calculation, and the City will then promptly record a release of this Declaration.

5. Covenants to Run with the Land. The Owner intends, declares, and covenants (a) that this Declaration, including all restrictions, rights and covenants contained herein, are covenants running with the land, encumbering the Home for the Term, and are binding upon the Owner and the Owner's successors in title and assigns, (b) are not merely personal covenants of the Owner, and (c) inure to the benefit of and be enforceable by the City and its Program Administrator, successors and assigns, for the Term. Because the Declaration runs with the land, it encumbers the Home for the Term and is binding upon the Owner's successors in title and assigns regardless of whether such successors in title and assigns agree in writing to be bound by the Declaration or execute a new Declaration at the time of resale, as provided in Article VIII.
6. Local Laws Applicable to Program Apply. This Declaration, including all restrictions, rights and covenants contained herein, implements certain features of exceeding the Development Standards established under Ketchum Code Section 17. In addition to the Declaration, the Home is subject to the Ketchum Code and the Program Policies, as administered by the City, including any amendments thereto if the amendments do not have a materially adverse effect on the interests of the Owner.
7. Defined Terms. Owner and City agree on the following definitions of key terms used in this Declaration.
 - A. **"Appraisal"**: Fair market valuations of the Home performed by a duly licensed appraiser, conducted by analysis and comparison of comparable properties, (a) disregarding all of the restrictions of this Declaration and (b) the as-is, restricted value based on restrictions in this Declaration.
 - C. **"Base Price"**: The lesser of the total price paid for the Home by the Owner, as set forth in Section 1.01 and the Market Value of the Home, at the time this Declaration was recorded, less the value given by the City, as set forth in Section 1.02.
 - D. **"BCHA"**: Blaine County Housing Authority, its successors and assigns, is an Idaho independent public body corporate and politic.
 - E. **"Eligible Buyer"**: A person or group of persons who at the time of turnover is in full compliance with the qualifications and conditions set forth in the Program Policies for Category Local and who has a complete and current application on file with the BCHA. This also applies to transfer via inheritance. Owner reserves the exclusive right to conduct its own interviews and other relevant authentication into each Eligible Buyer. Owner must also follow Program Policies process requirements with regards to rejecting Eligible Buyers.
 - F. **"Eligible Renter"** A person or group of persons who at the time of signing a lease agreement is in full compliance with the qualifications and conditions set forth in the Program Policies for Category Local and who has a complete and current application on file with the BCHA, and each Eligible Renter has received a confirmation number on their BCHA application, which has been delivered in written or electronic mail form to Owner by BCHA. Owner reserves the exclusive right to conduct its own

interviews and other relevant authentication into each Eligible Renter. Owner must also follow Program Policies process requirements with regards to rejecting Eligible Renters.

- G. **“Event of Default”**: Any violation of the terms of this Declaration unless the violation has been corrected (**“cured”**) by the Owner in the period of time specified in a written Notice of Default has been given by the City. See Article VIII. Enforcement.
- H. **“Ineligible Renter”**: A person or group of persons, or a person and their spouse, not meeting the requirements to be eligible as an Eligible Renter, not approved by the City, nor provided to the Owner by the City as an Eligible Renter.
- I. **“Ineligible Buyer”**: A person or group of persons, or a person and their spouse, not meeting the requirements to be eligible as an Eligible Buyer, not approved by the City, nor provided to the Owner by the City as an Eligible Buyer.
- J. **“Intent-to-Sell Notice”**: Owner’s notification to the City that the Owner wishes to sell the Home with Owner’s current phone and email information.
- K. **“Market Value”**: The market value of the Home, assuming no affordability or resale restrictions, as set forth in Section 1.01 [and documented by the appraiser’s report conducted by [] with an effective date of [, 20__] or the final sale price, whichever is lower].
- L. **“Maximum Resale Price”**: The maximum price for which the Owner can sell the Home, as calculated under Article VII of this Declaration.
- M. **“Out of Compliance Owner”** An owner who does not adhere to the Program Guidelines and has not cured being out of compliance, per the City’s requirements and Program Policies.
- N. **“Out of Compliance Renter”** An Eligible Renter who does not adhere to the Program Guidelines, or who is found to have made a material misrepresentation in BCHA’s application or the Declarant’s application process, and has not cured being out of compliance, per the City’s requirements and Program Policies or Declarant’s reasonable standards of approval in accord with Program Policies.
- O. **“Permitted Mortgage”**: A loan secured by a lien or security interest in the Home, for which the Owner has obtained the written permission of the City pursuant to Section 7.01, together with any modifications, which may be made from time to time, by agreement between the Owner and the Permitted Mortgagee.
- P. **“Permitted Mortgagee”**: The lender shown on the security instrument securing a Permitted Mortgage, its assignees and the owner of such Permitted Mortgage.

- Q. **“Program Administrator”**: The entity designated by the City to administer and manage compliance with this deed restriction. Program Administrator has the same enforcement rights as the City.
- R. **“Program Mortgage”**: The mortgage or deed of trust executed by the Owner in favor of the City, dated and recorded the same date as this Declaration, for purposes of securing the Owner’s monetary and non-monetary obligations under this Declaration, including without limitation Excess Proceeds.
- S. **“Purchase Option”**: As described more fully in Article VII, City’s option to purchase the Site at the Mortgage obligation, which is triggered by (i) City’s receipt of notice of a Foreclosure Action under Article VI, (ii) any sale or transfer resulting from a Foreclosure Action under Article VI, and/or (iii) an Event of Default under Article VIII (any of the foregoing, an **“Option Trigger Event”**).
- T. **“Program Policies”** are the Community Housing Guidelines or future Policies adopted by City and such Guidelines may be amended and recorded in City’s discretion from time to time. In the event of any conflict between guidelines and the this deed covenant, the deed covenant will prevail. Without limiting the foregoing, the most current Guidelines or Policies were adopted by the Ketchum City Council in Blaine County, Idaho on [INSERT DATE]. If no such policies have been adopted by Ketchum City Council, then Blaine County Housing Authority’s Community Housing Guidelines or Policies will be adhered to.
- U. **“Repair Reserve Fee”**: [USE THIS OPTION IF OWNER CAN ELECT TO PAY OR NOT PAY THIS FEE: If the Owner elects to participate in the Repair Reserve Fund,] The monthly fee the Owner pays to the City for contribution to the Repair Reserve Fund.
- V. **“Resale Fee”**: The fee that the Owner pays to the City upon resale of the Home to compensate the City for performing certain of its obligations under Article VIII (Transfer of the Home) below.

Article II. Use of Home

1. Owner Must Use Home as Primary Residence. The Owner must use the Home as Owner’s principal place of residence and must occupy the Home for at least nine [9] months of any twelve [12] consecutive months (unless more months in residence are required per Program Policies). The Owner may use the Home, and allow others to use the Home, only for residential purposes and any activities related to residential use that are permitted by local zoning law.
2. Home May Not be Leased, Short-term Rented, Encumbered, Sold, or Transferred Except as Provided in Articles VI and VII. No interest in the Home, including without limitation a fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entirety, life estate, limited estate, leasehold estate, tenancy, easement, mortgage, deed,

lien, security interest, or other encumbrance, whether voluntary or involuntary, may be granted, sold, assigned, conveyed, or transferred except in accordance with the Program Policies and/or Articles VI (“Financing and Foreclosure”) and VIII (“Transfer and Turnover of Home”) of this Declaration.

3. Owner Must Maintain the Home Responsibly and in Compliance with the Law and Other Recorded Documents. The Owner must maintain all parts of the Home in good working order, in a safe, sound and habitable condition, and in full compliance with all laws and regulations. Owner must comply, and cause the Home and all occupants to comply, with all declarations, easements, and other documentation recorded against the Home in the local real estate records. If the requirements of any recorded documents are inconsistent with the requirements of this Declaration, the Owner must comply and must cause the Home and all occupants to comply, with the stricter requirement. Eligible Buyers have the right to inspect the home before executing a lease.

Article III. Role of City

1. City Has a Right to Conduct Annual Meetings with the Owner. The City may conduct annual meetings with the Owner in the offices of the City or in the Home or some other mutually convenient location (or via mutually convenient electronic means) for purposes of obtaining occupancy certifications and addressing any other Program requirements. The Owner will cooperate with the City in scheduling and attending these meetings and will provide City with the requested information. The City may opt to request such information from the Owner by phone, mail, email, or some other method instead of conducting an in-person (or electronically facilitated) meeting, and the Owner will then promptly provide the City with the requested information using the alternative method.
2. City Has a Right to Inspect the Home. The City or its agent may inspect any exterior part of the Home on an annual basis at any reasonable time, after notifying the Owner at least three (3) days before the planned inspection. In addition, if the City has received an Intent-to-Sell Notice (as described in Article VIII below), then the City or its agent has the right to inspect the interior and exterior of the Home to determine its condition prior to the sale. City must notify the Owner at least three (3) days before carrying out such inspection. In either case (an annual inspection or an inspection after an Intent-to-Sell Notice), the Owner will cooperate with the City’s efforts to schedule and conduct the inspection, and if negative property conditions are identified, the City or its agent has the right to re-inspect until they are resolved.
3. The City may Escrow for Taxes, Assessments, and/or Insurance. Whenever a Permitted Mortgagee declines to escrow funds from the Owner for the payment of taxes and assessments under **Article IV** and for the payment of insurance under **Article VI**, the City may elect to escrow such amounts and the Owner shall cooperate with the City in setting up

such an escrow.

4. City will review proposed capital improvements. If the Owner wishes to make Capital Improvements to the Home, the City will work with the Owner as provided in Article V.
5. City will facilitate transfers and, if allowed by Program Policies, rentals. If the Owner wishes to finance or otherwise transfer the Home, the City will work with the Owner as provided in Article VII or VIII, as applicable and the Program Policies.
6. City's Administrator, Successors, and Assigns. The City may designate a Program Administrator, a successor or assign to its rights and obligations under this Declaration, provided that such Program Administrator, successor or assign is a governmental body, governmental agency, or entity (non-profit or for-profit) with a purpose consistent with the Program.
7. Nonliability of City for Negligence, Loss or Damage. The Owner understands and agrees that the relationship between Owner and City is solely that of an Owner and a program administrator. The City does not owe a duty of care to protect the Owner against negligent, faulty, inadequate, or defective building or construction or any condition of the Home. Owner agrees that neither Owner nor Owner's heirs, successors or assigns must ever claim, have, or assert any right or action against the City for any loss, damage, or other matter arising out of or resulting from any condition of the Home and will hold the City harmless from any liability, loss, or damage for these things.

Article IV. Fees, Taxes, and Assessments

1. Fees owed to City. For the avoidance of doubt, Owner's obligation to pay City any amounts under this Declaration, including the Fees provided in this Article IV, shall be subordinate in all respects to any Permitted Mortgagee's right to receive payment of all amounts secured by a Permitted Mortgage. The Owner and the City agree that they will execute such other and further documents as are useful for a Permitted Mortgagee to prioritize payment of the amounts owed to it and they will not execute any document that contradicts such priority.
2. Owner Must Pay a Fee for Unoccupied Home. Owners must sell vacated unit within 90 days of vacation to an Eligible Buyer. If City provided owner with Eligible Buyer(s) in a timely manner (after receiving required notice in VIII.5) and determines that the Owner is not, in good faith, proceeding with closing on a sale, the City may determine that the Owner is in violation of Article II. Any owner in violation of Article II must pay monetary damages to the City that equal "**Market Rent**" (determined by BCHA, Median Advertised Rent per bedroom size and location), for the duration of the known violation. Property vacant for more than six months or one hundred and twenty (120) days constitutes default.
3. Owner Must Pay a Fee for Renting to Ineligible Renter. If City is notified that the Owner may

be leasing without City approval or to an Ineligible Renter, the City will notify the Owner and request documentation and clarification. If the City confirms occupation by an Ineligible Renter, monetary damages must be paid to the City that equal the Market Rent for the number of months in violation. Upon that determination, the Owner must work with the City on transitioning out the current Ineligible Renter and selling to an Eligible Buyer. The Owner must provide Ineligible Renter at least a ninety (90) day eviction notice. The Owner must pay Ineligible Renter relocation expenses in an amount equal to four times the tenant's monthly rent.

4. Owner Is Responsible for Paying all Fees, Taxes and Assessments. Owner must pay directly, when due, all fees, taxes, governmental and Owner association assessments that relate to the Home, unless such taxes and assessments are to be escrowed and paid by an Permitted Mortgagee, in which case payment must be made as directed by that Permitted Mortgagee.
5. If Owner Fails to Pay Taxes, City may Pay Taxes. If the Owner or its Permitted Mortgagee fails to pay the taxes or assessments described in Section 4.04 above, the City shall have the right to pay such taxes or assessments on the Owner's behalf from time to time at the sole and absolute discretion of the City. Owner shall reimburse the City for any amounts paid by the City to cover such taxes or assessments promptly upon demand by the City.
6. If Payment Is Late, Interest Can Be Charged. If the City has not received any amounts due under this Declaration on or before the required date (the "Due Date"), the City can require the Owner to pay interest on the unpaid amount from the Due Date through and including the date such payment or installment is received by the City, at a rate not to exceed 5% per annum or the maximum amount permitted by law, whichever is less. Such interest shall be deemed additional Program Fee and shall be paid by the Owner to the City upon demand.
7. City Can Collect Unpaid Amounts When Home Is Sold. In the event that any amounts due under this Declaration remain unpaid when the Home is sold, including without limitation amounts due to City under this Article IV and any enforcement fees under Section 9.03(e), the outstanding amount, including any interest (the "Unpaid Amounts"), must be paid to the City out of any proceeds from the sale that would otherwise be due to the Owner. Any amounts paid pursuant to this Section may be paid to the City only after amounts owed under the Permitted Mortgage have been disbursed to the Permitted Mortgagee. In addition to the lien of the Program Mortgage, the City shall have, and the Owner hereby grants and consents to, a lien upon the Home for such Unpaid Amounts. Such lien shall be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Declaration, (b) Permitted Mortgages; (c) liens for real property taxes and other governmental assessments or charges against the Home; and (d) the lien for Excess Proceeds under Section 1.03. For the avoidance of doubt, the City's right to enforce collection of Unpaid Amounts through foreclosure of its lien under the Program Mortgage and this Section 4.06 shall be subordinate in all respects to the lien of any Permitted Mortgagee under a Permitted Mortgage.

Article V. Improvements to the Home

1. Owner's Ability to Improve the Home is Limited. The Owner shall not make any Capital Improvements to the Home without the prior written consent of the City, which consent may be withheld in the City's sole and absolute discretion. The term "Capital Improvements" means any improvements that change the number of bedrooms or the footprint, square-footage, or height of the Home, or increase or decrease the number of structures on the Property, or the installation of an in-ground pool, or any other improvement the cost of which would exceed \$[] []% of the Base Price of the Home]. The Owner may make other improvements to the Home without the consent of the City as long as such improvements are constructed in a professional manner and comply with Section 5.04 below and all applicable laws and regulations. This Section 5.01 does not apply in the event the Home is damaged or destroyed following a fire or other casualty, as described in Section 6.02.

2. Requests for Consent from City. For any proposed Capital Improvements, the Owner shall submit a written request to the City including the following information:

- A. a written statement of the reasons for undertaking the construction;
- B. upon request by the City, a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- C. a list of the necessary materials, with quantities needed;
- D. a statement of who will do the work; and
- E. if the Owner would like to receive a monetary credit for the Value Added by Capital Improvements, as determined subsequently by appraisal at the time of resale of the Home (see Article VIII) (a "Capital Improvements Credit"), a statement requesting the City to consider permitting such a credit.

Prior to granting or withholding consent, the City may request additional information from the Owner within three weeks of receipt of the Owner's request. The City shall inform the Owner of its decision to grant or withhold consent to construction of the proposed Capital Improvements, as well as its decision to grant or withhold consent to any requested Capital Improvements Credit, within 45 days after receipt of all information from the Owner. If the City consents to a requested Capital Improvements Credit, the City shall also inform the Owner of the value to be ascribed to the Capital Improvements or the method to be employed to determine such value at resale, including application of depreciation rates, which may result in a Capital Improvements Credit less than the actual cost of the Capital Improvements.

3. Building Permits; Right to Inspect. Prior to the commencement of construction of any Capital Improvements, the Owner shall provide the City with copies of all necessary building permits, if not previously provided. The City shall have the right to inspect the Capital Improvements while under construction and after completion to confirm consistency with the information presented in Section 5.02 and with this Article V, and may adjust the Capital Improvements Credit to account for any identified inconsistency. Any inspection and

identification of inconsistencies by the City shall be for the benefit of the City only; the Owner will conduct his or her own inspections to confirm all work performed is satisfactory to the Owner.

4. Owner May Not Allow Statutory Liens to Remain Against Home. The Owner shall not permit any statutory or similar lien to be filed against the Home which remains more than 30 days after it has been filed. The Owner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If the Owner fails to discharge such lien within the 30-day period, then the Owner shall immediately notify the City of such failure. The City shall have the right to discharge the lien by paying the amount in question. The Owner may, at Owner's expense, contest the validity of any such asserted lien, provided the Owner has furnished a bond or other acceptable surety in an amount sufficient to release the Home from such lien. Any amounts paid by the City to discharge such liens shall be reimbursed by the Owner upon demand of the City.

Article VI. Insurance, Damage or Destruction, Taking for Public Use

1. Owner Must Insure the Home Against Loss. The Owner must, at the Owner's expense, keep the Home continuously insured against accidental direct physical loss with a coverage limit equal to the estimated full replacement cost of the Home, that is, the amount necessary to rebuild the Home as opposed to the Home's Market Value. The insurance policy must satisfy all requirements of any Mortgage of record and any Homeowner's Association Regulations, and certificates of insurance must be delivered to City upon request.
2. What Happens if Home Is Damaged or Destroyed. In the event of fire or other damage to the Home, the Owner must take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration must be completed as promptly as possible. Owner must also promptly take all steps necessary to assure that the damaged Home does not constitute a danger to persons or property. For clarity, the obligations of the Owner to repair and restore the Home are the same in a case of insufficient insurance proceeds as in a case of excess insurance proceeds; in either case the Owner must still repair and restore the Home, obtaining additional funds (in the case of insufficient insurance proceeds) or, if permitted by the terms of the policy and the terms of any Mortgage, retaining excess funds (in the case of excess insurance proceeds). In a case where repair and restoration are not feasible (for example, in the case of sinkhole or other condition that materially adversely impacts and precludes restoration of the structure of the Home), the Owner must provide reasonably acceptable documentation of such circumstance to City, and in such case will be excused from repairing and restoring the Home, provided that the Owner uses available insurance proceeds to pay off any lien on the Home and the Owner provides the City with Excess Proceeds as applicable.

3. What Happens if Some or All of the Home Is Taken for Public Use.
 - A. If all of the Home is taken by eminent domain or otherwise for public purposes, or if so much of the Home is taken that the Home is lost or damaged beyond repair, this Declaration will terminate as of the date when Owner is required to give up possession of the Home, provided, however, that any Excess Proceeds (defined in Article I) arising from eminent domain or other public use proceedings will be paid to City.
 - B. In the event of a taking of a portion of the Home that results in damage to the Home that can reasonably be restored to a residential use consistent with this Declaration, then this Declaration will remain in full force and effect and the damage must be treated as damage is treated in Article VI.2 above.

Article VII. Financing and Foreclosure

1. Owner Cannot Mortgage the Home Without City's Permission.

- A. The Owner may only grant a lien or security interest, including a mortgage or deed of trust (either at the time of purchase of the Home or subsequent to the purchase of the Home to refinance an existing Permitted Mortgage or to finance home repairs or to facilitate a Home Equity Line of Credit ("HELOC") or for any other purpose), on the Home or encumber the Home in any other way after first obtaining the written permission of the City. Any Permitted Mortgage or other lien, security interest, or other encumbrance shall be subject to the terms of this Declaration, including without limitation this Article VII and Section 7.04 below.
- B. The City will not permit such a loan if the loan increases the Owner's total mortgage debt to an amount greater than 85% of the then current Maximum Resale Price, calculated in accordance with Article VIII below, [if no appreciation cap, replace with: appraised fair market value under this deed restriction] or if any Permitted Mortgagee has not provided written consent to the loan, or if the terms of the transaction otherwise adversely affect the interests of either the Owner, Permitted Mortgagee, or City.
- C. The City may require the Owner to submit, in writing, certain information about the proposed terms and conditions of such loan at least 30 days prior to the expected closing of the loan.

2. By Signing Declaration, City Gives Permission for Original Mortgage. By signing this Declaration, the City gives written permission for the first and second priority mortgage or deed of trust signed by the Owner and financing the Owner's purchase, ownership and/or development of the residential portion of the site ("the Site").

3. Property Assessed Clean Energy. Property Assessed Clean Energy ("PACE") financing in connection with the Home is prohibited.

4. Survival of Declaration Upon Exercise of Remedies by Mortgagees.

- A. If the holder of any mortgage, deed of trust, or other encumbrance on the Site conducts a foreclosure sale, accepts a deed in lieu of foreclosure, or exercises any other right or remedy that results in the Owner no longer having title to the Site (any such right or remedy, a "Foreclosure Action"), this Declaration must run with the land pursuant to Article I.4 above and will continue to encumber the Home as follows:
- i. With respect to any Mortgagee who is also a Permitted Mortgagee, this Declaration shall survive until expiration of the City's Purchase Option under Section 6.05 below, specifically 60 days to exercise the Purchase Option and 90 days to complete the purchase. If the City exercises the Purchase Option, completes purchase of the Home, and satisfies the amounts owed under the Permitted Mortgage, this Declaration shall continue in full force and effect. If the City fails to exercise the Purchase Option, or exercises the Purchase Option but fails to complete the purchase within the 90-day period allowed by Section 6.05, or fails to satisfy the amounts owed under the Permitted Mortgage, then this Declaration shall terminate and be of no further force and effect, and the City shall cooperate with the Permitted Mortgagee or transferee at the Foreclosure Action to record a termination and release.
 - ii. With respect to any Mortgagee who is not a Permitted Mortgagee, Article VII and all other provisions of this Declaration shall apply to the transfer of the Home resulting from the Foreclosure Action, and Article VIII and all other provisions of this Declaration shall continue to encumber the Home and shall be binding on the grantee receiving an interest in the Home by virtue of the Foreclosure Action and on all subsequent owners of any interest in the Home.
- B. The Owner expressly authorizes any Mortgagee to provide City with any information requested by City with respect to the obligations secured by a mortgage, deed of trust, or other security instrument encumbering the Site, including without limitation, the original or maximum principal amount of the loan, the interest rate and other terms governing repayment, payment history, including any history of delinquent payments, current payments of principal, interest, and late fees due or delinquent, and the amount of total obligations currently secured by the Mortgage.
- C. The Owner understands and agrees that nothing in this Declaration (i) in any way constitutes a promise or guarantee by the City that the Mortgagee will actually receive the Mortgage Satisfaction Amount or any other price for the Site, or (ii) impairs the rights and remedies of the Mortgagee in the event of a deficiency.

5. If Potential Foreclosure, the City Has an Option to Purchase the Site.

- A. At least 60 days prior to any potential Foreclosure Action, the Owner must notify the City of (i) the name of the lender on the note triggering the potential foreclosure

activity; (ii) the original amount and date of the note, the existing balance, and the annual debt cost; (iii) the position of the note relative to other liabilities on the property; (iv) a detailed description of the circumstances that have prevented timely payment of interest on the note; (v) a detailed description of efforts between the owner and the holder of the note to reach an agreement to modify the terms of the note to prevent foreclosure; and (vi) any relationship between the holder of the note and the owner of the property by familial relationships, common principals, owners or employees.

- B. Upon (i) City's receipt of notice of a Foreclosure Action under Article VI; (ii) any sale or transfer resulting from a Foreclosure Action under Article VI; and/or (iii) an Event of Default under Article VIII (any of the foregoing, an "Option Trigger Event"), the City will have the option to purchase the Site at the amount of such total obligations under the Mortgage (the "Purchase Option"). For purposes of subparagraph (iii), (A) the amount of total obligations owed to the Mortgagee must be calculated as of the date the sale to the City closes, and (B) no Option Trigger Event occurring after a sale or transfer resulting from a Foreclosure Action must trigger an additional Purchase Option (rather, the City must be limited to the single Purchase Option initially triggered by the sale or transfer resulting from the Foreclosure Action). The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Eligible Buyers while taking fair account of the investment by the Owner.
- C. If the City elects to purchase the Home, the City will exercise the Purchase Option by notifying the current Owner and any Mortgagee in writing of such election (the "Notice of Exercise of Option") within 180 days after the Option Trigger Event, or the Option may expire. Having given such notice, the City may (i) proceed to purchase the Site directly or (ii) assign the Purchase Option to another entity that would maintain a similar deed restriction program.
- D. The purchase (by City or City's assignee) will be completed within 90 days after the City's Notice of Exercise of Option, or the Purchase Option will be of no further force and effect with respect to such Option Trigger Event. Except in the case of a Foreclosure Action, the Purchase Option will remain in effect with respect to Option Trigger Events occurring after the subject Option Trigger Event. The time permitted for the completion of the purchase may be extended by mutual agreement of the City or its assignee and the Owner and, if applicable, the Mortgagee undertaking the Foreclosure Action.

Article VIII. Transfer and Turnover of the Home

1. Owner May Transfer Home Only in Strict Compliance with Article VIII; Other Transfers Null and Void. Owner may transfer the Home only as explicitly permitted by the provisions of this Article VIII (and, in the event of a Foreclosure Action, Article VII). Any purported transfer that does not strictly follow the procedures set forth below (or, in the event of a Foreclosure Action, the procedures of Article VII), shall be null and void.

2. Home May be Transferred to Eligible Buyers. In the event that the Owner wishes to sell the Home, the Owner shall notify the City in writing of such wish (the "Intent-to-Sell Notice") at least 45 days before the Owner would like to begin to market the Home, and the City and the Owner shall proceed as follows:
 - A. Calculation of Maximum Resale Price. Except as specifically permitted in a Foreclosure Action under Article VII so long as this Declaration remains in effect, in no event may the Home be sold for a price that exceeds the Maximum Resale Price. The Maximum Sale Price is the Base Price plus an annual increase of an amount equal to any increase in the cost of living during Owner's ownership of the Property as determined by the Consumer Price Index, Wage Earners and Clerical Workers, Mountain Division, All Items (2017 = 100) published by the Bureau of Labor Statistics, United States Department of Labor, compounded annually, not to exceed 3% per annum, plus the Capital Improvements Credit.
 - B. Resale Fee to be Paid at Transfer. The Owner shall pay a Resale Fee to compensate City for carrying out its responsibilities with regard to the transaction. The amount of the resale fee shall be 3% of the Sale Price.
3. City Shall Have Power of Attorney to Sell Home as Attorney in Fact for Owner in Certain Circumstances. If the Owner (a) is not then residing in the Home and (b) has made diligent efforts to sell the Home for at least twelve months and the Home still has not been sold, the Owner does hereby appoint City as its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Declaration, sell the Home, use the proceeds of sale first to satisfy Permitted Mortgages in order of priority, second to pay the City's costs of sale and any other sums owed the City by the Owner, and third to pay Owner the remaining proceeds of sale, minus amounts owed to any other secured lien holders.
4. At transfer or sale of the Home, new Owner is subject to the same terms. Any new Owner must be an Eligible Buyer and will take title subject to all the terms and conditions of this Declaration, including the Term, and must execute and record such documents as the City may require and/or approve. Before proceeding with a sale, the Owner must give the City at least 30 days prior written notice and must promptly provide the City with related documentation requested by the City.
5. Home May Only be Leased if Permitted in Writing by City. Owner shall not lease or rent any portion of the Home, except as allowed under the terms of any Permitted Mortgage and with the written permission of City. Owner is subject to Program Policies for Eligible Renters. Owner agrees that City shall have the right to withhold such consent in order to further the purposes of this Declaration. If City approves rental of the Home, any renter must be certified to be an Eligible Renter and Owner must follow Program Policies.
6. Home May be Transferred to Certain Relatives and Heirs of Owner. Transfer of the Home is only permitted to individuals or households that would qualify as Eligible Buyers, as per Program Policies.

7. Repairs and Turnover Procedures. The Owner is required to allow an inspection and make necessary repairs before turnover of the Home, as per Program Policies.
 - A. The Owner shall repair specific reported defects or conditions necessary, in the reasonable discretion of the City, to bring the Home into full compliance with Sections 2.03 and 3.02 above prior to transferring the Home.
8. Deed, Declaration, and Program Mortgage to be Prepared. The Home shall be conveyed by the Owner by a good and sufficient deed commonly used in the jurisdiction for residences conveying a good and clear record and marketable title to the Home free from all encumbrances except (i) such taxes for the then current year as are not due and payable on the date of delivery of the deed, (ii) provisions of local building and zoning laws, (iii) all easements, restrictions, covenants and agreements of record; (iv) a Declaration in the form then in use by City to administer the Program which the Owner hereby agrees to secure execution by the transferee, and to record immediately after the deed, and (v) a new Program Mortgage in the form then in use by City to administer the Program which the Owner hereby agrees to secure execution by the transferee, and to record immediately after the Declaration or, in the event of any Permitted Mortgage approved in writing by City, immediately after the Permitted Mortgage. Said deed shall clearly state that it is made subject to the Declaration which is made part of the deed. Failure to comply with the preceding sentence shall not affect the validity of the conveyance from the Owner to the transferee or the enforceability of the Declaration.
9. Distribution of Sales Proceeds. The proceeds of any sale conducted in accordance with this Article VIII shall be distributed as follows: First to satisfy Permitted Mortgages in order of priority, second to pay the City's Unpaid Amounts, third to pay taxes, Owner association assessments, and any statutory or municipal fees currently due and payable, fourth to pay amounts owed to any other secured lien holders, and fifth to the Owner, who may retain the remaining proceeds of sale. Notwithstanding the foregoing, any Excess Proceeds shall be paid to City.
10. No Promises Made as to Future Sales. Nothing in this Declaration constitutes a promise, commitment or guarantee by the City to sell or purchase the Home or that upon resale the Owner shall actually receive the Maximum Resale Price for the Home or any other price for the Home.

Article IX. Enforcement

1. What Happens if Owner Fails to Make Payments to City that are Required by the Declaration. It shall be an event of default if the Owner fails to pay any amounts when due under this Declaration or the Program Mortgage and such failure is not cured by the Owner or a Permitted Mortgagee within 30 days after notice of such failure is given by City to

Owner and Permitted Mortgagee.

2. What Happens if Owner Violates Other (Nonmonetary) Terms of the Declaration. It will be an event of default if the Owner fails to abide by any other requirement or restriction stated in this Declaration, the Program Mortgage, and/or any other document of record encumbering the Home, and such failure is not cured by the Owner or a Mortgagee within 60 days after notice of such failure is given by the City to the Owner and any Mortgagee. Notwithstanding the foregoing, the Owner will not be entitled to a cure period for any violation of the construction or statutory lien provisions in Article V, the financing provisions in Article VI, the transfer provisions in Article VII and Article II, or the provisions of Article VIII below, and the City will be entitled to exercise the rights and remedies under Article VIII.4 for any such violation immediately upon notice of such violation being given by the City to the Owner and any Mortgagee.
3. What Happens if Owner Defaults as a Result of Judicial Process. It is an event of default if the Home is taken on execution or by other process of law, or if any assignment is made of the Home for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home by a court of competent jurisdiction, or if a petition is filed for the reorganization of Owner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Owner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.
4. If City approved rental, City may require correction for an Out of Compliance Renter. Owner may be required to lease to a new tenant or require Owner to occupy the Home, if the City determines that the current lease is with an Out of Compliance Renter.
5. Default (Uncured Violation) Gives City the Right to Exercise Rights and Remedies. Upon the occurrence of an event of default that continues beyond any applicable cure period, the City will have, in addition to all other rights and remedies provided at law or in equity, the right, at the City's option, without further notice or demand of any kind, to take any one or more of the following actions:
 - A. The right to enforce this Declaration independently by appropriate legal proceedings and to obtain injunctive and other appropriate relief on account of any violations including without limitation relief requiring restoration of the Home to the condition or occupancy which existed prior to the violation impacting such condition or occupancy (it being agreed that there must be no adequate remedy at law for such violation), and will be in addition to, and not in limitation of, any other rights and remedies available to the City.
 - B. The right to exercise the Purchase Option under Article VI.4 above;
 - C. In the case of a default under Article VIII.2 or VIII.3, including without limitation the institution of foreclosure by judicial proceeding or private sale;

- D. Without limitation of any other rights or remedies of the City, or its successors and assigns, in the event of any rent, conveyance, financing, refinancing, or other transfer or occupancy of the Home in violation of the provisions of this Declaration, the following rights and remedies, which will be cumulative and not mutually exclusive:
- a. specific performance of the provisions of this Declaration;
 - b. money damages for Excess Proceeds and Unpaid Amounts, if applicable;
 - c. if the violation is a sale or other conveyance of the Home to an Ineligible Buyer except as permitted herein, the option to locate an Eligible Buyer to purchase or itself purchase the Home from the Ineligible Buyer on the terms and conditions provided herein; the purchase price shall be a price which complies with the provisions of this Declaration; specific performance of the requirement that an Ineligible Buyer shall sell, as herein provided, may be judicially ordered;
 - d. the right to void any contract for lease, conveyance or other transfer of the Home in violation of the provisions of this Declaration, by an action in equity to enforce this Declaration; and
 - e. money damages for the cost of acquiring a comparable dwelling unit for a Eligible Buyer, as determined by the unrestricted value in an Appraisal paid for by the Owner.
- E. In addition to the foregoing, the Owner hereby agrees and will be obligated to pay all fees and expenses (including legal fees) of the City in the event successful enforcement action is taken against the Owner or Owner's successors or assigns.
- F. The Owner for themselves and their successors and assigns, hereby grants to the City the right to take all actions with respect to the Home which the City may determine to be necessary or appropriate pursuant to applicable law, court order, or the consent of the Owner to prevent, remedy or abate any violation of this Declaration.
- G. All rights and remedies set forth in this Article IX.5 are subordinate to the rights of Permitted Mortgagees as set forth in Article I and Article IV of this Declaration.

Article X. Mediation

1. Mediation. Nothing in this Declaration will be construed as preventing the parties from utilizing any process of mediation in which the parties agree to engage for the purpose of resolving a dispute.

Article XI. Notices and Other Provisions

1. Notices. Whenever this Declaration requires either party to give notice to the other, the notice must be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to City:

City of Ketchum
P.O. Box 2315
Ketchum, ID 83340
Attn: Housing

If to Owner:

Attn: _____

All notices, demands and requests will be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

2. Severability. If any part of this Declaration is unenforceable or invalid, such material will be read out of this Declaration and will not affect the validity of any other part of this Declaration or give rise to any cause of action of Owner or City against the other, and the remainder of this Declaration will be valid and enforced to the fullest extent permitted by law.
3. Waiver.
 - A. The waiver by City at any time of any requirement or restriction in this Declaration, or the failure of City to take action with respect to any breach of any such requirement or restriction, will not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Declaration. City may grant waivers in the terms of this Declaration, but such waivers must be in writing and signed by City before being effective. **Notwithstanding the foregoing, the City may not waive the provisions of Sections 1.03(b) and 7.04 of this Declaration.** This provision does not waive any other agreements, land use entitlements, or exceedance agreements for the property. The subsequent acceptance by City of any late payments will not be deemed to be a waiver of any preceding breach by Owner of any requirement or restriction in this Declaration, other than the failure of the Owner to make the particular payment so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such payment.
4. Headings and Table of Contents. The headings, subheadings and table of contents appearing in this Declaration are for convenience only and do not in any way limit or amplify the terms or conditions of this Declaration.
5. Parties Bound. This Declaration sets forth the entire agreement between City and Owner

with respect to the subject matter of this Declaration. This Declaration is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Declaration, their respective successors in interest. This Declaration may be altered or amended only by written notice executed by City and Owner or their legal representatives or, in accordance with the provisions of this Declaration, their successors in interest.

6. Governing Law. This Declaration will be interpreted in accordance with and governed by the laws of the State of Idaho. The language in all parts of this Declaration will be, in all cases, construed according to its fair meaning and not strictly for or against City or Owner.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed as of the Effective Date.

[INSERT SIGNATURE BLOCKS AND NOTARY ACKNOWLEDGMENTS.]

Exhibit A. Legal Description
of the Home with unit #

[INSERT ANY STATEMENTS REQUIRED FOR RECORDING]

Exhibit B. Unit Restrictions

Owner developed property addressed as _____, Ketchum, Idaho 83340 for a _____ square foot retail/service/office/residential/etc. building. This development generated the obligation to provide Community Housing in accordance with _____ Approval. Owner is restricting:

- Unit _____, with _____ number of bedrooms with Income Range _____, Category _____.
- Unit _____, with _____ number of bedrooms with Income Range _____, Category _____.
- Unit _____, with _____ number of bedrooms with Income Range _____, Category _____.

SUBORDINATE PROGRAM MORTGAGE

Based on Grounded Solutions Network 2021 Model Subordinate Program Mortgage

This Subordinate Program Mortgage (as amended and/or restated from time to time, this "**Security Instrument**"), is executed by [FULL NAMES OF HOMEBUYERS], [each] an individual ([together,] the "**Mortgagor**"), residing at [Home Address] (the "**Property Address**"), in favor of the City of Ketchum, a municipal corporation of the State of Idaho, its successors and assigns (the "**Mortgagee**"), with an address of [Office Address], as of [Month Date], 20[Year], for the purpose of encumbering the improved real estate described on attached Exhibit A (as defined in greater detail below, the "**Property**").

DEFINITIONS

Words used in multiple sections of this document are defined below. Certain rules regarding the usage of words used in this document are also provided in Section 12.

"Applicable Law": All controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

"Declaration": The Declaration of Local Ownership Covenant signed by the Mortgagor, dated and recorded the same date as this Security Instrument, and encumbering the Property.

"Default": (i) The failure to pay any Payment on the date it is due, (ii) a breach of any other representation, warranty, covenant, requirement, restriction, obligation or agreement in the Declaration, (iii) the failure to pay any other amount secured by this Security Instrument on the date it is due, (iv) a breach of any representation, warranty, covenant, requirement, restriction, obligation or agreement in this Security Instrument, (v) a breach of any representation, warranty, covenant, requirement, restriction, obligation or agreement in the first lien security instrument that is secured by the Property, or (iv) the commencement of any action or proceeding described in Section 7(d).

"Obligations": Payment of all monetary obligations evidenced by the Declaration, including Program Fees, Excess Proceeds, and Unpaid Amounts (as defined in the Declaration) plus any interest, prepayment charges, costs, expenses and late charges due under the Declaration, and all sums due under this Security Instrument, plus any interest, together with performance of all non-monetary obligations evidenced by the Declaration.

"Payment": (i) The regularly scheduled amounts due under the Declaration, and (ii) any other amounts due from time to time under the Declaration, including, without limitation, Program Fees, Excess Proceeds, and Unpaid Amounts and all other amounts payable by Mortgagor under the terms of the Declaration.

"Property": The property described below under the heading "TRANSFER OF RIGHTS IN THE PROPERTY."

"Successor in Interest of Mortgagor": Any party that has taken title to the Property, whether or not that party has assumed Mortgagor's obligations under the Declaration and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Mortgagee: (i) the payment of the Obligations; and (ii) the performance of Mortgagor's covenants and agreements under this Security Instrument and the Declaration. For this purpose, Mortgagor mortgages, grants and conveys to Mortgagee the Property, which is located in [Blaine County, Idaho] and has an address of the Property Address.

TOGETHER WITH all the improvements now or subsequently erected on the Property, including replacements and additions to the improvements on such Property, all property rights, including, without limitation, all easements, appurtenances, royalties, mineral rights, oil or gas rights or profits, water rights, and fixtures now or subsequently a part of the property. All of the foregoing is referred to in this Security Instrument as the **"Property"**.

MORTGAGOR REPRESENTS, WARRANTS, COVENANTS AND AGREES that: (i) Mortgagor lawfully owns and possesses the Property in fee simple or lawfully has the right to use and occupy the Property under a leasehold estate; (ii) Mortgagor has the right to mortgage, grant and convey the Property; and (iii) the Property is unencumbered, and not subject to any other ownership interest in the Property, except for encumbrances and ownership interests of record. Mortgagor warrants generally the title to the Property and covenants and agrees to defend the title to the Property against all claims and demands, subject to any Permitted Mortgages (as defined in the Declaration).

COVENANTS

Mortgagor and Mortgagee covenant and agree as follows:

1. Payment of Program Fees, Excess Proceeds, Unpaid Amounts, Interest, and Other Amounts. Mortgagor will make each Payment when due. All Payments must be made in U.S. currency.

Payments are deemed received by Mortgagee when received at the location designated in the Declaration, or at such other location as may be designated by Mortgagee in accordance with the notice provisions in Section 11.

Any offset or claim that Mortgagor may have now or in the future against Mortgagee will not relieve Mortgagor from making the full amount of all payments due under the Declaration and this Security Instrument or performing the covenants and agreements set forth in the Declaration and this Security Instrument and secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted by Mortgagee will be applied in the following order of priority: (a) interest due under the Declaration or Security Instrument (if any); and (b) amounts due under the Declaration or this Security Instrument, as applicable. Such payments will be applied to each Payment in the order in which it became due. Any remaining amounts will be applied first to late charges, second to any other amounts due under the Declaration, and third to any other amounts due under this Security Instrument.

3. Prior Security Instruments; Charges; Liens. Mortgagor will perform all of Mortgagor's obligations under any security instrument with a lien which has priority over the lien of this Security Instrument, including Mortgagor's covenants to make payments when due. Mortgagee and Mortgagor each recognize that provisions in the Declaration and in this Security Instrument give Mortgagee certain rights with respect to the Property and to the receipt of certain funds, including the right to receive payment of insurance proceeds, condemnation and other Miscellaneous Proceeds and the use and application of the proceeds, including the right to hold and disburse the proceeds, and that these rights are subject to the terms of any Permitted Mortgage.

4. Property Insurance. Mortgagor must keep the improvements now existing or subsequently erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes, winds and floods. Mortgagor must maintain the types of insurance Mortgagee requires, all in accordance with the terms of any Permitted Mortgage. This insurance must be maintained in the amounts (including deductible levels) and for the periods that Mortgagee requires. What Mortgagee requires pursuant to the preceding sentences can change during the term of the Declaration, and may exceed any minimum coverage required by Applicable Law. Mortgagor may choose the insurance carrier providing the insurance, subject to Mortgagee's right to disapprove Mortgagor's choice, which right will not be exercised unreasonably.

If Mortgagee has a reasonable basis to believe that Mortgagor has failed to maintain any of the required insurance coverages described above, Mortgagee may obtain insurance coverage, at Mortgagee's option and at Mortgagor's expense. Mortgagee is under no obligation to purchase any particular type or amount of coverage. Any such coverage will insure Mortgagee, but might not protect Mortgagor, Mortgagor's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect.

All insurance policies required by Mortgagee and renewals of such policies: (i) will be subject to Mortgagee's right to disapprove such policies; (ii) must include a standard mortgage clause; and (iii) must name Mortgagee as mortgagee and/or as an additional loss payee in the order of the priority of its lien.

5. Preservation, Maintenance and Protection of the Property. Mortgagor will not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Mortgagor must maintain the Property in accordance with the Declaration and in order to prevent the Property from deteriorating or decreasing in value due to its condition.

6. Protection of Mortgagee's Interest in the Property and Rights Under this Security Instrument.

(a) Protection of Mortgagee's Interest. If: (i) Mortgagor fails to perform the covenants and agreements contained in the Declaration and/or this Security Instrument; (ii) there is a legal proceeding or government order that might significantly affect Mortgagee's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien that has priority or may attain priority over this Security Instrument or to enforce laws or regulations); or (iii) Mortgagee reasonably believes that Mortgagor has abandoned the Property, then Mortgagee may do and pay for whatever is reasonable or appropriate to protect Mortgagee's interest in the Property and/or rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property, and may enter the Property for purposes of performing same.

Mortgagee's actions may include, but are not limited to: (I) paying any sums secured by a lien that has priority or may attain priority over this Security Instrument; (II) appearing in court; and (III) paying (A) reasonable attorneys' fees and costs, (B) property inspection and valuation fees, and (C) other fees incurred for the purpose of protecting Mortgagee's interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, inspections of the Property, entering the Property to make repairs, changing locks, replacing or boarding up doors and windows, draining water from pipes, eliminating building or other code violations or dangerous conditions, and having utilities turned on or off. Although Mortgagee may take action under this Section 6, Mortgagee is not required to do so and is not under any duty or obligation to do so. Mortgagee will not be liable for not taking any or all actions authorized under this Section 6.

(b) Additional Amounts Secured. Any amounts disbursed by Mortgagee under this Section 6 will become additional Obligations of Mortgagor secured by this Security Instrument. If not paid by Mortgagee to Mortgagor within 30 days after issuance of an invoice reflecting amounts disbursed by Mortgagee, these amounts shall bear interest at the rate specified in the Declaration for late payments under Article IV of the Declaration.

(c) Declaration Terms. Mortgagor will comply with all the provisions of the Declaration.

(d) Leasehold Terms. If this Security Instrument is on a leasehold, Mortgagor will comply with all the provisions of the lease. If Mortgagor acquires fee title to the Property, the leasehold and the fee title will not merge unless Mortgagee agrees to the merger in writing.

7. Assignment of Miscellaneous Proceeds; Forfeiture.

(a) Assignment of Miscellaneous Proceeds. Mortgagor unconditionally assigns the right to receive all insurance, condemnation, and other proceeds arising from a casualty or condemnation impacting the Home ("**Miscellaneous Proceeds**") to Mortgagee and agrees that, subject to the requirements of any Permitted Mortgagee, such amount will be paid to Mortgagee.

(b) Application of Miscellaneous Proceeds upon Damage to Property. If the Property is damaged, any Miscellaneous Proceeds will be applied to restoration or repair of the Property, if Mortgagee deems the restoration or repair to be economically feasible and Mortgagee's security will not be lessened by such restoration or repair. During such repair and restoration period, Mortgagee will have the right to hold such Miscellaneous Proceeds until Mortgagee has had an opportunity to inspect the Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection must be undertaken promptly. Mortgagee may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Mortgagee may make such disbursements directly to Mortgagor, to the person repairing or restoring the Property, or payable jointly to both. Unless Mortgagee and Mortgagor agree in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Mortgagee will not be required to pay Mortgagor any interest or earnings on such Miscellaneous Proceeds. If Mortgagee deems the restoration or repair not to be economically feasible or Mortgagee's security would be lessened by such restoration or repair, the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor.

(c) Application of Miscellaneous Proceeds upon Total Taking of Property. In the event of a total taking, destruction, or loss in value of the Property, all of the Miscellaneous Proceeds will be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Mortgagor. Notwithstanding the foregoing, any Excess Proceeds shall be paid to Mortgagee in accordance with Section 1.03 of the Declaration.

(d) Proceeding Affecting Mortgagee's Interest in the Property. Mortgagor will be in Default if any action or proceeding begins, whether civil or criminal, that, in Mortgagee's judgment, could result in forfeiture of the Property or other material impairment of Mortgagee's interest in the Property or rights under this Security Instrument. Mortgagor can cure such a Default by causing the action or proceeding to be dismissed within sixty (60) days after commencement with a ruling that, in Mortgagee's judgment, precludes forfeiture of the Property or other material impairment of Mortgagee's interest in the Property or rights under this Security Instrument. Mortgagor unconditionally assigns to Mortgagee the proceeds of any award or claim for damages that are attributable to the impairment of Mortgagee's interest in the Property, which proceeds will be paid to Mortgagee.

8. Mortgagor Not Released; Forbearance by Mortgagee Not a Waiver. Mortgagor or any Successor in Interest of Mortgagor will not be released from liability under this Security

Instrument if Mortgagee extends the time for payment or modifies the amortization of the sums secured by this Security Instrument. Mortgagee will not be required to commence proceedings against any Successor in Interest of Mortgagor, or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Mortgagor or any Successors in Interest of Mortgagor. Any forbearance by Mortgagee in exercising any right or remedy including, without limitation, Mortgagee's acceptance of payments from third persons, entities or Successors in Interest of Mortgagor or in amounts less than the amount then due, will not be a waiver of, or preclude the exercise of, any right or remedy by Mortgagee.

9. Joint and Several Liability; Signatories. Mortgagor's obligations and liability under this Security Instrument will be joint and several. However, any Mortgagor who signs this Security Instrument but does not sign the Declaration: (a) signs this Security Instrument to mortgage, grant and convey such Mortgagor's interest in the Property under the terms of this Security Instrument; (b) signs this Security Instrument to waive any applicable inchoate rights such as dower and curtesy and any available homestead exemptions; (c) signs this Security Instrument to assign any Miscellaneous Proceeds, Rents or other earnings from the Property to Mortgagee; (d) is not personally obligated to pay the sums due under the Declaration or this Security Instrument; and (e) agrees that Mortgagee and any other Mortgagor can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument without such Mortgagor's consent and without affecting such Mortgagor's obligations under this Security Instrument.

Subject to the provisions of Section 14, any Successor in Interest of Mortgagor who assumes Mortgagor's obligations under this Security Instrument in writing, and is approved by Mortgagee, will obtain all of Mortgagor's rights, obligations and benefits under this Security Instrument. Mortgagor will not be released from Mortgagor's obligations and liability under this Security Instrument unless Mortgagee agrees to such release in writing.

10. Charges. If permitted under Applicable Law, Mortgagee may charge Mortgagor fees for services performed in connection with Mortgagor's Default to protect Mortgagee's interest in the Property and rights under this Security Instrument, including, (i) reasonable attorneys' fees and costs, (ii) property inspection, valuation, mediation and loss mitigation fees, and (iii) other related fees.

If Applicable Law sets maximum interest rates or other charges, and that law is finally interpreted so that the interest or other charges collected or to be collected in connection with the Obligations exceed the permitted limits, then: (i) any such charge will be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Mortgagee may choose to make this refund by reducing the obligations owed under the Declaration or by making a direct payment to Mortgagor. To the extent permitted by Applicable Law, Mortgagor's

acceptance of any refund made by direct payment to Mortgagor will constitute a waiver of any right of action Mortgagor might have arising out of such overcharge.

11. Notices. All notices given by Mortgagor or Mortgagee in connection with this Security Instrument must be in writing. Any written notice to Mortgagor in connection with this Security Instrument will be deemed to have been given to Mortgagor when (i) mailed by certified or registered mail, return receipt requested, or (ii) actually delivered to Mortgagor's notice address if sent by other means. Notice to any one Mortgagor will constitute notice to all Mortgagors unless Applicable Law expressly requires otherwise. The notice address for Mortgagor will be the Property Address.

Any notice to Mortgagee will be given by delivering it or by mailing it by certified or registered mail, return receipt requested, to Mortgagee's address stated in this Security Instrument unless Mortgagee has designated another address by notice to Mortgagor. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

12. Governing Law; Severability; Rules of Construction. This Security Instrument is governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence should not be construed as a prohibition against agreement by contract. If any provision of this Security Instrument or the Declaration conflicts with Applicable Law, such conflict will not affect other provisions of this Security Instrument or the Declaration that can be given effect without the conflicting provision. If any provision of this Security Instrument conflicts with the Declaration, the provisions of the Declaration shall govern and control. Any action required under this Security Instrument to be made in accordance with Applicable Law is to be made in accordance with the Applicable Law in effect at the time the action is undertaken.

As used in this Security Instrument: (a) words in the singular will mean and include the plural and vice versa, and (b) the word "may" gives sole discretion without any obligation to take any action.

13. Mortgagor's Copy. One Mortgagor will be given one copy of the Declaration and this Security Instrument.

14. Mortgagee's Successors and Assigns. Mortgagee is also the Program Manager under the Declaration. The Declaration permits the Program Manager from time to time to designate a successor or assign its rights and obligations under the Declaration, provided that such successor or assign is a governmental body, governmental agency, or non-profit entity with a charitable purpose consistent with the Program (as defined in the Declaration). Upon such a designation under the Declaration of a successor or assign by the Program Manager, all of

Mortgagee's rights and obligations under this Security Instrument will likewise convey to such successor or assign.

15. Acceleration; Remedies.

(a) Notice of Default. Mortgagee will give a notice of Default to Mortgagor prior to exercising remedies under this Security Instrument following Mortgagor's Default. The notice will specify: (i) the Default; (ii) the action required to cure the Default; (iii) a date, not less than 30 days from the date the notice is given to Mortgagor (or such longer period set forth in Article IX of the Declaration), by which the Default must be cured; (iv) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property; (v) Mortgagor's right to reinstate after acceleration; and (vi) the right to deny in the foreclosure proceeding the existence of a Default or to assert any other defense of Mortgagor to acceleration and foreclosure. In the case of Defaults under subparagraphs (i) or (ii) of the Definition for "**Default**" set forth above, the notice and cure periods under this Section 19(a) shall run concurrently with any applicable notice and cure periods under Article IX of the Declaration.

(b) Acceleration; Foreclosure; Expenses. If the Default is not cured on or before the date specified in the notice, Mortgagee may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Mortgagee will be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 19, including, but not limited to: (i) reasonable attorneys' fees and costs; (ii) property inspection and valuation fees; and (iii) other fees incurred to protect Mortgagee's interest in the Property and/or rights under this Security Instrument.

16. Release. Upon payment and performance of all Obligations secured by this Security Instrument, Mortgagee shall release this Security Instrument. Mortgagor shall pay any recordation costs. Mortgagee may charge Mortgagor a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

17. Attorneys' Fees. As used in this Security Instrument and the Declaration, attorneys' fees shall include those awarded by an appellate court and any attorneys' fees incurred in a bankruptcy proceeding.

18. Jury Trial Waiver. The Mortgagor hereby waives any right to a trial by jury in any action, proceeding, claim, or counterclaim, whether in contract or tort, at law or in equity, arising out of or in any way related to this Security Instrument or the Declaration.

MORTGAGEE REQUESTS NOTICE OF ANY ADVERSE ACTION THAT A PRIORITY LIEN HOLDER TAKES WITH REGARD TO THE PROPERTY, INCLUDING DEFAULT AND FORECLOSURE

[Signatures appear on the following pages]

IN WITNESS WHEREOF, the parties have caused this Security Instrument to be executed as of the date first set forth above.

[INSERT MORTGAGEE SIGNATURE BLOCKS, NOTARY ACKNOWLEDGMENTS, AND IF REQUIRED BY STATE LAW, WITNESS BLOCKS]

EXHIBIT A

**Legal Description
of the Property**

When Recorded Return To:
Blaine County Housing
Authority
P.O. Box 4045
Ketchum, ID 83340



BLAINE COUNTY HOUSING AUTHORITY

**Community Housing
Administrative Guidelines
Adopted June 14, 2023**

2023 Community Housing Administrative

Guidelines

Outline of Sections

Section 1 Introduction

- A. Mission Statement
- B. Purpose of Guidelines
- C. Role of the Blaine County Housing Authority
- D. Authority of Blaine County Housing Authority
- E. Income Category Chart
- F. Definitions

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- A. Basic Qualifications for the Rental or Purchase of Community Housing with an Income Category Deed Covenant
- B. Applying for Rental or Purchase of a Community Home
- C. Verifying Application Information
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- A. Procedures for the Rental of an Income Category Deed Restricted Community Home
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- A. Procedures for the Purchase of a Deed Covenant Community Home Subject to an Income Category
- B. Reserving a Newly Constructed Community Home
- C. Special Applicant Pool for a Particular Community Housing Development
- D. Ongoing Obligations/Requirements for Community Home Ownership
- E. Rental Options for Owners of Community Housing

Section 5 Selling Community Housing

- A. Deed Covenants
- B. Fees
- C. Procedure
- D. Additional Information Related to the Sale of Community Housing by a Community Homeowner

Section 6 Reserved

Section 7 Income Categories and Pricing

- A. Calculation of Sales Prices for Newly Constructed/Available Community Housing
- B. Calculation of Maximum Sales Price
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Section 8 Procedures for Exceptions and Grievances

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Section 9 Program Non-Compliance and Enforcement

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Section 10. Appendix

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Section 1. Introduction

A. Mission Statement

The Blaine County Housing Authority’s mission is to advocate for, promote, plan, and preserve the long-term supply of desirable and affordable housing choices in all areas of Blaine County to maintain an economically diverse, vibrant, and sustainable community.

B. Purpose of Guidelines

1. The purpose of these Guidelines is to define and describe the process of renting, purchasing, or selling Community Homes within Blaine County. They are intended to assist government staff, the development community, applicants, and the public in understanding the priorities for and processes governing Community Housing development and administration in Blaine County. The Guidelines do not replace professional guidance available from the Blaine County Housing Authority (BCHA) staff.
2. These Guidelines are intended to support the attainment of BCHA goals and to supplement land use and building codes used by the County and Cities. The Guidelines should be used to review land use applications, to establish affordable rental rates and sales prices, to establish criteria for admission and occupancy, and to develop and prioritize current and long-range community housing programs.
3. These Guidelines may be reviewed and updated from time to time.
4. In the event of any conflict between guidelines and the deed covenant, the deed covenant will prevail.

C. Role of The Blaine County Housing Authority

The role of BCHA, as determined by BCHA’s Creating Resolution, are to:

1. Qualify Applicants for Community Housing using the criteria set forth in these Guidelines and maintaining an Applicant Database of those persons eligible to rent or purchase Community Homes.
2. Match qualified Applicants with available Community Homes.

3. Monitor compliance with and enforcement of these Guidelines and deed covenants.
4. Develop the criteria by which Community Housing is located, designed, developed, and price of Community Housing.
5. Review and provide recommendations on proposed Community Housing in Blaine County and its municipalities in accordance with these Guidelines and BCHA adopted criteria.

D. Authority of the Blaine County Housing Authority

1. BCHA is an independent public body, corporate and politic created by Blaine County and has all the powers and authority bestowed upon a housing authority pursuant to Title 31, Chapter 42 and Title 50, Chapter 19, Idaho Code.

E. Income Category Chart

Household Income Categories by Area Median Income (AMI).

| Income Category | Percentage of Area Median Income |
|-----------------|--|
| 1 | Less than 50% |
| 2 | 50% to 60% |
| 3 | 60% to 80% |
| 4 | 80% to 100% |
| 5 | 100% to 120% |
| 6 | 120% to 140% |
| L | No Income Limit but must be a full-time resident of Blaine County. |

*For Income Categories greater than 6, the household may be classified as “Category L” which is housing that may be offered to the full-time residents and employees of Blaine County.

F. Definitions

1. **Administration Fee** – The fee charged by BCHA in connection with a completed purchase and sale transaction or a rental lease transaction as compensation for the creation of and monitoring compliance with the deed covenants of Community Housing.
2. **Applicant/Applicant Household** – Persons or households that have completed the BCHA application process to obtain, either through purchase or rental, a Community Home or other housing administered or managed by BCHA.

3. **Applicant Database** – The official BCHA record of persons who have completed the BCHA application process for the rental or purchase of housing subject to a deed covenant (or other housing managed or administered by BCHA).
4. **Applicant Pool** – Applicants selected from the Applicant Database and matched to a specific property for consideration to either rent or purchase that property.
5. **Appreciation** - proceeds to the selling Owner after deducting the following from the Actual Sales Price: (i) the purchase price paid by the selling Owner; (ii) reasonable and customary escrow and closing costs (including taxes and assessments); (iii) a reasonable real estate sales commission not to exceed six percent (6%) of the Actual Sales Price, (iv) the administrative fee due to BCHA pursuant to Section 4 below, and (v) the cost of Approved Capital Improvements.
6. **Assets** - Anything owned by an individual that has commercial or exchange value. Assets consist of specific property or claims against others, in contrast to obligations due others.
7. **Capital Improvements** - Unless otherwise defined in the Deed Covenants on the Community Housing unit, any fixture erected as a permanent improvement to real property that enhances the value of the property, excluding repair, replacement, maintenance costs, and standard depreciation when applicable.
8. **Community Housing/Home** - Dwelling units, for sale or rent, restricted typically via deed covenant for households meeting assets, income and/or minimum occupancy guidelines approved by BCHA.
9. **Deed Covenant** - A legally enforceable provision in a deed restricting use, occupancy, alienation, and other attributes of real property ownership or imposing affirmative obligations on the owner or renter of the real property.
10. **Disabled Person/Dependent** - A person who meets the definition of "individual with a disability" contained in 29 U.S.C. Section 706(8), and/or as defined in the Americans with Disabilities Act of 1990.
11. **Employee Housing** - Housing which is required to be developed in conjunction with an organization and is intended for rental by the employees of the enterprise.
12. **Full Time Employee** - A person who is employed by one or more Blaine County Employers and physically working in Blaine County for a minimum of 1,500 hours worked per calendar year. Breaks in employment which do not disqualify applicants include temporary physical or mental disability, acting as primary caretaker of ill relative, extended vacation not to exceed six months every six years, and full-time education or training.
13. **Fixture** - Personal property which has been attached to or installed on land or a structure thereon in such a way as to become a part of the real property.
14. **Grievance** - Any dispute that an applicant, purchaser, seller, or tenant may have with BCHA with respect to action or failure to act in accordance with the complainant's rights, duties, welfare, or status under these Guidelines.

15. **Gross Income** - The total income derived from a business, trust, employment, and income-producing property, before deductions for expenses, depreciation, taxes, and similar allowances. Gross Income must also include alimony, child support, retirement pension, and social security benefits.
16. **Gross Rental Rate** - The total cost (including but not limited to utilities, management fees, taxes, dues, snow removal, HOA fees, etc.) charged to a qualified renter of a community home.
17. **Household** - All individuals who are or may intend to occupy the Community Home.
18. **Household Income** – The total Gross Income of all individuals who are or may be occupying the Community Home. Gross income of self-employed households is the gross business income less IRS approved business expenses.
19. **Income Category** – The classification of annual income based upon household size as a percentage of the Area Median Income determined by BCHA.
20. **Joint Tenancy** – ownership of real property by two (2) or more persons, each of whom has an equal undivided interest in the property with the right of survivorship.
21. **Liabilities** - Monetary obligations and debts owed to someone by an individual.
22. **Livable Square Footage** - The interior area of a building measured interior wall to interior wall (i.e., “paint-to-paint”), including all interior partitions, habitable basements, interior storage areas, closets, and laundry area, and excluding uninhabitable basements, mechanical areas, exterior storage areas, stairwells, garages (either attached or detached), patios, decks, and porches.
23. **Local** – As it relates to Community Housing, is an individual, employed, retired, or disabled, who resides within Blaine County.
24. **Local Employer** - A business whose business activity is located within Blaine County and whose business employs persons within Blaine County.
25. **Maintenance and Repair** – Work done that keeps your property in a normal efficient operating condition.
26. **Maximum Sale Price** – The allowable sale price of a Community Home as provided to owners by BCHA or subsequent sales, as set forth in the applicable Deed Covenant.
27. **Net Worth/Household Net Worth** - Combined net worth (all assets minus all liabilities) of all individuals who may be occupying the Community Home. Retirement accounts may be reviewed on a case-by-case basis to determine whether they must be included in the net worth calculation.
28. **Primary Residence** - The sole and exclusive place of residence.
29. **Retired Person** – A person who
 1. has (i) resided in or (ii) was either self-employed full-time or was a Full- Time Employee in Blaine County, Idaho, for not less than ten (10) out of the twenty-five

- (25) years prior to the date of qualification.
2. Must not have a Net Worth (as such term is defined in Generally Accepted Accounting Principles) in excess of the maximum allowed by the annual HUD Net Worth allowance as found on the BCHA website; and
 3. does not own any other developed residential real property or dwelling units in Blaine County, Idaho, or anywhere else in the United States of America.
30. **Retirement Age** – 62 years of age.
31. **Special Applicant Pool** – A waiting list for a development that intends to house a specific population (i.e., Employees)
32. **Special Review for Exceptions** - A review of a petition to waive the provision of these Guidelines due to special circumstances.
33. **Tenant** - A person who is leasing or has leased a Community Home that is subject to these Guidelines, and any qualifying potential lessee or past lessee of any such home, but only with respect to any issue arising under these Guidelines.
34. **Workforce Housing** – Units that are deed restricted and owned by specific employers.

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Section 2. Qualifying to Rent or Purchase Community Housing

A. Basic Qualifications for the Rental or Purchase of Community Housing with an Income Category Deed Covenant

To qualify to rent or purchase an Income-restricted Community Home, the Applicant/Applicant Household must meet the criteria as stated below:

1. At least one non-dependent member of the Applicant Household must meet one of the following criteria:
 - (a) Be a Full-Time Employee working in Blaine County; or
 - (b) Be a Retired Person who was a Full-Time Employee in Blaine County immediately prior to his/her retirement and who currently lives in Blaine County as his/her Primary Residence and is 62 years of age or older; or
 - (c) Be a Disabled Person residing in Blaine County who was a Full-Time Employee in Blaine County immediately prior to his/her disability and who currently lives in Blaine County as his/her Primary Residence, and
 - (d) The Applicant/Applicant Household states his/her intent to occupy the Community Home as his/her Primary Residence.
2. No member of the Household may own developed residential real estate or a mobile home.
3. The total Gross Income of all members of the Household must not exceed the maximum Household Income specified, which is calculated using the chart in Section 1. The actual dollar amount changes annually and is listed as Income Limits published by BCHA on its website for the Income Category and Household Size; and
4. The Household Net Worth (the total net worth of all members of the Household) must not exceed the Allowable Net Worth specified for the Income Category.

B. Applying for Rental or Purchase of a Community Home

1. General Application

- (a) All persons wishing to rent or purchase a Community Home must submit a completed General Application for Community Housing Form to BCHA (the current application can be found on BCHA's website). The application to rent is a single step process (General Application form only); the application to purchase is a two-step process (General Application and Purchase Requirements). A General Application may be certified by BCHA as complete only when the necessary steps have been completed.
- (b) The General Application Form is provided by BCHA.
- (c) Upon receipt of the completed General Application, BCHA may provide the Applicant with a Letter of Eligibility specifying the Income Category. The Letter of Eligibility is based only on information supplied by the Applicant and, as such, is unverified; verification is explained further in Section 2(C), below.

C. Verifying Application Information

1. BCHA may request additional documentation such as proof of residency, income, assets, and employment. All information and documentation submitted must be held confidential by BCHA and must not be subject to Open Records Requests by the public. Such documentation is used to determine that an Applicant meets the criteria set forth in Section 2.A and/or to verify the information provided in the application under 2(B). All or some of the following may be requested:

- (a) Federal income tax returns for the most recent year.
- (b) A current income statement and a current financial statement, in a form acceptable to BCHA, verified by Applicant to be true and correct; or other financial documentation acceptable to BCHA. When current income is twenty percent (20%) more or less than income reported on tax returns, the Applicant's income may be averaged based upon current income and the previous year's tax returns to establish an Income Category for the purpose of purchasing a Community Home.
- (c) Verification of employment in Blaine County.
- (d) Copy of valid Driver's License or State Identification Card.
- (e) If the Applicant receives court-ordered alimony, spousal support, and/or child support, a certified copy of the court order must be provided, including all exhibits, supplements, and modifications to the decree.
- (f) Any other documentation that BCHA deems necessary to determine eligibility.

2. Upon receipt of the completed General Application and requested verification forms,

the Applicant's name and all information for individuals, households, and/or local employers may be retained in the Applicant Database. On an annual basis, as part of the annual purge process, the applicant must confirm or update the information to remain in the Applicant Database. All information may be re-verified at the time an applicant is selected to rent or purchase a Community Home. If information is not updated upon request, the applicant will be removed from the Applicant Database.

D. Process for Matching Applicants to Available Community Housing

In general, the matching process occurs as follows:

1. When a Community Home becomes available, the home size, type, Income Category, and location of that Home are checked against the Applicant Database. All Applicants matching the qualifications for a given Community Home are then grouped into the "Applicant Pool" for that Home.
2. Households are prioritized by date and time of application on the list for the Income Category for which they qualify.
3. While household size may not be a determining factor in prioritization for ownership or rental of housing, it should be noted that the purchase price or rental amount may be determined on basis of an assumed household size in accordance with the Area Median Income (AMI).
4. If an Applicant has previously qualified and the Applicant's Household composition subsequently changes (due to marriage, divorce, separation, an increase, or reduction in the number of dependents, etc.), the Applicant may still be eligible for purchase or rental of Community Housing, provided that the Household continues to qualify under the Income Category and other considerations. It is the Applicant's responsibility to continuously update Household information with BCHA prior to being placed into an Applicant Pool.
5. When an Applicant purchases a Community Home, the Applicant's application is extinguished and may not be used to qualify for another Community Home. If an owner of a Community Home wishes to purchase another Community Home, he or she must file a new application and begin the process again.
6. When an Applicant rents a Community Home, the Applicant's application is retained and is used as a basis for subsequent recertification and may be used to qualify for future purchase of a Community Home.

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Section 3. Renting Community Housing

All Applicants interested in renting Community Housing must submit a General Application for Community Housing to BCHA (See Section 2, “Qualifying to Rent or Purchase Community Housing”). BCHA is the “qualifying agent” charged with providing landlords of Community Housing with a list of qualified potential renters and with facilitating the rental of a Community Home. An administrative fee, as set by the Board, may be charged to the landlord/owner for these services.

A. Procedures for the Rental of an Income-restricted Deed Restricted Community Home

1. Each Community Home is designated for occupancy by residents within a certain Income Category. Thus, only those Applicants with incomes at or below the Income Category of the available rental may be eligible.
2. Once BCHA has received a Notice of Intent to Rent from the owner of rental Community Housing, BCHA may identify the top three (3) qualified applicants and present them to the owner for his or her selection for tenancy. (NOTE: In matching an Applicant to a specific Community Home, BCHA may present a “candidate” pool to the landlord or landlord’s agent, based upon Income Category, affordability in relation to income and household size, length of time in the BCHA database, and location preference as given by the applicant.)
3. The final determination and offer of tenancy to one of the three (3) qualified applicants is the decision of the owner, not BCHA. It is, however, expected that the owner will follow all Fair Housing Laws in their selection of the tenant. Candidates who are not selected will not lose their position within the BCHA Database.
4. An Applicant who is selected to rent a Community Home, but who is unable to take the Home, may not lose their position within the BCHA Database for future available Community Housing unless an Applicant has been previously selected to rent a Community Home and has rejected an offer to rent two (2) times. After the third refusal to rent, the Applicant’s initial application date may be adjusted to be effective as of the date of the third refusal to rent.

B. Ongoing Obligations/Requirements for Renting Community Housing

Once an Applicant secures a rental Community Home through BCHA, the landlord must file a copy of the executed lease with BCHA. The lease must contain the following provisions:

1. Beginning and end dates of the lease.
2. Names of all unit occupants.
3. Security deposit amount and fees.
4. Rent amount and how/where to be paid.
5. Owner's right of entry.
6. Repairs and Maintenance.
7. What utilities are paid by the tenant.
8. What appliances are provided by the landlord.
9. Tenant Requirements.
10. If the Tenant accepts permanent employment outside of Blaine County or resides in the Home fewer than nine (9) out of any twelve (12) months, the Tenant must be deemed to have ceased to use the Home as a Primary Residence and must be required to relinquish the Community Home.
11. A disclosure that Tenants must be re-certified for each year of the lease term.
12. An Acknowledgement and Acceptance of BCHA terms and conditions governing the rental of Community Housing executed by the Tenant.
13. The Tenant must use the Home as their Primary Residence.
14. All leases must be for a 12-month period.

C. Annual Re-Certification to Rent Community Housing

1. The eligibility of Tenants to lease and occupy Community Housing must be reviewed and verified annually (i.e., re-certified) to ensure that they meet minimum residency and income category requirements under BCHA Guidelines that are in force at the time of the review. BCHA may charge the landlord an annual renewal fee as set by the Board.
2. To assist in this re-certification process, BCHA may send a Rental Renewal Approval Notice to Tenants with instructions for re-certification.
3. The Tenant must, within 10 business days of receipt, submit to the BCHA:
 - (a) The completed Form with updated information
 - (b) A copy of the Tenant's previous 2 months paystubs
 - (c) A copy of the Tenant's most recent tax return
4. Concurrently with the Notice to the Tenants, the BCHA may send a Rental Renewal Notice to the landlord to verify rent, utilities, and lease dates. The landlord must submit the requested information and a copy of the new lease, to the BCHA within 10 business days of receipt of the Rental Renewal Notice. The renewed lease must be for an additional 12 months. Month to month leases are not allowed.

5. Should the landlord pursue a just cause non-renewal, documentation must be provided to BCHA.

D. Exceeding Income Limits at Re-Certification

If, upon review and re-certification, BCHA determines that the Tenant no longer meets the minimum Income Category requirements (up to a maximum of 2 income categories over deed restriction category), the Tenant may continue to rent and occupy the Community Home. With an income increase at 1 category higher than their original income, the tenant will pay the same rent rate. When the tenant achieves an income increase that is 2 categories above their income at intake, the tenant may remain in place for up to twelve (12) additional months at the rent rate increased to their new income category. The original rent amount will be paid to the landlord and the difference between the categories will be paid to the BCHA Housing Fund. During these twelve (12) months' times, the BCHA team may work with the tenant to identify alternate housing.

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Section 4. Purchasing Community Housing

All persons interested in purchasing either Income Category or Workforce Housing must submit the appropriate Application to BCHA, provide proof of completion of the Homebuyer Education Course, and receive as applicable, a Letter of Eligibility or a Letter of Qualification.

A. Procedures for the Purchase of a Deed Covenant Community Home (including Workforce Market Deed Restricted Homes) subject to an Income Category

- 1) Some Community Homes are designated for occupancy by residents within a certain Income Category. Only those Applicants with incomes within the specified Income Category may be eligible for those homes. In matching an Applicant to a specific Home, BCHA may employ the system creating an Applicant Pool in accordance with the steps outlined in Section 2(C) of these Guidelines.
- 2) In all cases, BCHA is the qualifying agent charged with providing a list of potential qualified purchasers of Community Housing to the Seller.
- 3) BCHA may notify each qualifying applicant within the applicant pool, in order of application date and time, to determine their interest in the available Home. The order of date and time may also be followed in applicant selection. The applicant may be asked to provide a loan pre-approval letter as well as a statement of income. This information may all be verified and accepted by BCHA. Once the selection criteria are met, the Applicant(s) may have opportunity to accept or deny the offer. If the Applicant denies, the BCHA team may contact the next qualified applicant in the pool. This process may continue until an applicant accepts the offer. When an Applicant is matched to a Community Home, the Applicant may be required to sign documents necessary to permit BCHA to obtain a copy of the completed loan application, including analysis of income, assets, and debt, submitted to the lender.
- 4) If an Applicant fails to secure financing for that Home in the time allowed (as determined by the purchaser and the lender), that Applicant may be eliminated from consideration for purchase of that Community Home but may not lose their position on the waiting list and consideration for future available Homes.
- 5) An Applicant may, but is not required to, engage the services of a licensed Real

Estate Broker in the transaction. Any fees charged by the Real Estate Broker must be the responsibility of the Applicant.

- 6) Any co-ownership interest other than Joint Tenancy or Tenancy in Common must be approved by BCHA. Co-signers may be approved for ownership of the Community Home but may not jointly occupy the Community Home unless qualified by BCHA. No person may own more than one home either as a sole owner or as a Joint Tenant or Tenant In Common. Co-signed loans may not be allowed.
- 7) Each purchaser is required to sign an acknowledgment and acceptance of the Deed Covenant or the Workforce Market Deed Covenant.

B. Reserving a Newly Constructed Community Home

BCHA may use all reasonable efforts to show newly constructed Community Housing to Applicants prior to the issuance of the certificate of occupancy. A qualified Applicant who is successfully matched with a Community Home may be given the opportunity to enter into a Reservation Agreement for that Community Home. Upon the filing of the final plat the Reservation Agreement may be converted to a Purchase and Sale Agreement in accordance with the terms of the Reservation Agreement.

C. Special Applicant Pool for a Particular Community Housing Development

- 1) Some Community Homes are constructed by or made available by a government agency or by a private developer for a particular group of employees (e.g. Blaine County School District). In those instances, a Special Applicant Pool may be established for that development. When a Community Home in such a development becomes available for sale or re-sale, BCHA may first use the Special Applicant Pool for that development to find qualified buyers.
- 2) BCHA may employ the system creating an Applicant Pool in accordance with the steps outlined in Section 2(D) of these Guidelines with special prioritization as may be requested by the developer and approved by BCHA. Special prioritization may include the current employees of an employer, a local employee preference, among other things.
- 3) Special prioritization must not be given based on race, color, religion, sex, familial status, national origin, disability, sexual orientation, gender identity, or veteran status, except as allowed when participating in a federal program that prioritizes senior citizens, disabled persons, or veterans in its housing programs. This Special Applicant Pool may also be open to people moving into the area, as determined by the development.
- 4) The procedure for qualifying an applicant from a special applicant pool must follow the same procedures as outlined in Section 4(A) with the addition prioritizations, as described in Section 4(C)(1)-(3) (above).
- 5) Should the Special Applicant Pool for Community Housing in a Particular Development be exhausted, without a Community Home being sold, it may be offered to a general Applicant Pool as outlined in Section 4(A).

D. Ongoing Obligations/Requirements for Community Home Ownership

Once an Applicant successfully purchases a Community Home through BCHA, a copy of the executed Purchase and Sale Agreement and closing documents must be filed with BCHA. The Applicant/Applicant Household must use the Community Home as their Primary Residence, comply with all provisions of the applicable Deed Covenant, and must adhere to the following additional requirements.

- 1) The owner must complete and submit to BCHA the annual compliance monitoring form. The owner must provide the list of capital improvements, along with receipts, to BCHA at each annual compliance. If these improvements are not reported by the annual compliance monitoring each year, the owner will not be given credit for the improvement.
- 2) The owner must cooperate with BCHA on regular review of property condition and maintenance issues to ensure compliance with provisions of the Deed Covenant. This may require a tour of the property by BCHA staff and an inspector, should staff desire. Deferred maintenance may result in the inability to realize the maximum sale price allowable by the Deed Covenant.
- 3) The owner must not offer any portion of the home as a short-term or vacation rental.
- 4) The owner and household members must not acquire new residential real estate (excluding shared inheritance).
- 5) The Homeowner's Exemption must be utilized on the community home.
- 6) The owner may not offer any portion of the home as a long-term rental without the prior approval of BCHA, as outlined in Section 4(E)(below).

E. Long-Term Rental Options for Owners of Community Housing

- 1) If an owner of a Community Home desires to rent the Home during an absence, the owner must provide a letter to BCHA detailing the need for the request (illness, education, etc.) and requesting permission to rent the home at least thirty (30) days prior to leaving.
- 2) The leave of absence may be for up to one year.
- 3) The Rental Rate charged must be approved by BCHA and must be within the published monthly affordability for the Income Category enumerated on the Deed Covenant and in no event may exceed the published Affordability of Income Category 6.
 - (a) The Community Home must be rented in accordance with the Guidelines during the authorized period so long as other Deed Covenants covering the home permit the rental. Any prospective Tenant must be qualified by BCHA *prior* to execution of a lease. A lease must contain the following provisions:
 - (b) Should the owner decide to re-occupy the home again as the owner's primary residence, then the owner must give the Tenant a minimum of thirty (30) days' notice prior to the conclusion of any lease.
 - (c) No initial lease term may be for fewer than 90 days and no more than 1 year. The lease

is non-renewable.

- 4) A copy of the executed lease must be furnished by the owner or tenant to BCHA.
- 5) The owner must provide the tenant with the HOA rules. The owner is responsible for enforcement of the HOA rules.
- 6) If the Community Home has income restrictions, the rent rate is determined by the Income Category rent rate. If there is no income restriction present, the rent rate is determined by Category L guidelines.

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Section 5. Selling Community Housing

Every sale of a Community Home must comply with the deed covenant. BCHA may identify qualified purchasers but does not guarantee the sale of the home.

A. Deed Covenants

Each purchaser must execute, in a form provided by BCHA and for recording with the Clerk’s Office of Blaine County, concurrent with the closing of the sale, a document acknowledging the purchaser’s agreement to be bound by the recorded deed covenant covering the Community Home and these Guidelines.

B. Fees

1) Income -restricted Community Homes:

Unless otherwise instructed by BCHA staff, the seller must pay a non- refundable prepayment of \$500.00 to BCHA at the time the owner delivers the signed Notice of Intent to Sell to BCHA. This amount may be deducted from the total Administration Fee due to BCHA at closing. This fee may offset costs of radon testing and a home inspection. The home inspection may be critical in calculating the maximum sale price of the home.

At the closing of the sale of the income restricted home, the seller must pay BCHA an Administration Fee equal to three percent (3%) of the sale price or the amount stated in the Deed Covenant if it is less than three percent (3%). The requirement to pay this fee is contained in the Deed Covenant. BCHA may instruct the title company to pay this fee to BCHA out of the funds held for the seller at the closing. However, if the home is sold in less than five (5) years of purchase, the percentage may be greater than 3%. The Fee amount is identified in the deed.

2) Workforce Market Community Homes:

At closing of the sale, the seller must pay BCHA a fee as set forth in the deed covenant in the Notice of Intent to Sell.

C. Procedure

The staff members and board of Commissioners of BCHA are not acting as licensed brokers or real estate agents representing any party to the transaction, but solely as representatives of BCHA and its interests. BCHA may treat every purchaser and seller of Community Housing with fairness in accordance with these Community Housing Guidelines and will prohibit discrimination on the basis of race, color, religion, sex, familial status, national origin, disability, sexual orientation, gender identity, or veteran status on the part of the purchaser, seller, or the agents of any party to any transaction.

1) Prior to Selling Notifying BCHA of Intent to Sell

- a) A Community Homeowner interested in selling their Community Home must:
 - i. meet with BCHA staff and review the Deed Covenant to determine the maximum sales price permitted and other applicable provisions concerning a sale. A home inspection will be conducted to determine the good upkeep of the home. The sale price may not include carryover for improvements completed by the previous owner. The Deed Covenant, Home Inspection, and Section 7 of these Guidelines are used to determine the pricing of “for-sale” Community Housing. Owners should contact BCHA early in the process so that BCHA can properly determine the interest level of Applicants; and
 - ii. Execute and deliver to BCHA a “Notice of Intent to Sell” in the form provided on BCHA’s website (or requested by email). The selection of the purchaser and terms of the transaction may be as described in the Community Housing Guidelines in effect on the date BCHA receives the Notice of Intent to Sell.
- b) The selection of the purchaser, approval of the sale price, and the terms of the purchase and sale must be monitored and must be approved by BCHA.
- c) If BCHA receives a “Notice of Intent to Sell” from the owner, and the owner later fails to consummate a sale transaction, the owner must reimburse BCHA in accordance with Section 5(B)(above).
- d) If a real estate broker is used, the broker must, **prior to the execution of the listing agreement for the Community Home**, sign an acknowledgement and agreement with BCHA that the sale may be conducted in accordance with the terms of the Deed Covenant on the Community Home and these Community Housing Guidelines.
- e) If the seller consults with legal counsel, licensed real estate brokers, or such related services, the fees may be at the seller’s own expense. BCHA Administration Fees and other fees are to be paid regardless of any expenses incurred by the seller or

purchaser in connection with the sales transaction.

2) Selection of Purchaser and Solicitation of Offers

- a) After BCHA receives the “Notice of Intent to Sell” from the owner, BCHA may create an Applicant Pool for each Community Home to be offered, as outlined in Section 4(A).
- b) BCHA may notify each of the qualifying Applicants, beginning with the longest tenured Applicant, to determine their interest in the available Home. BCHA may coordinate with the Seller, Applicant, or their agents (if applicable) times for viewing the Community Home. Should no eligible applicant be found in the database, all applicants may be notified of the community home availability and its income category. If a waiting list applicant believes they now qualify for the income category indicated, they may contact BCHA for review of income.
- c) Once an Applicant has viewed the Home and is interested in purchasing the Home,
 1. The Applicant must ensure that all application information is updated and verified to the satisfaction of BCHA.
 2. If the selection criteria are met, the Applicant(s) may be given the opportunity to purchase the Home.
The Applicant must ensure that all application information is current on an ongoing basis.
 3. Neither BCHA nor the Seller is obliged to delay the sale of a Community Home for more than five (5) business days to allow an Applicant to update his or her application information.
- d) An Applicant, selected under this procedure, will have five (5) business days from the date of being notified by BCHA to execute a Purchase and Sale Agreement for the Community Home.
 1. If the Applicant does not execute a Purchase and Sale Agreement within that time, the Applicant must forfeit their position in the Applicant Pool, and
 2. The next person in line in the Applicant Pool may be notified and so on, until the Community Home is under contract for purchase.
- e) If the Owner and Applicant cannot reach an agreement, the steps outlined in C (above) may be repeated with the next eligible applicant.

D. Additional Information Related to the Sale of Community Housing by a Community Homeowner.

- 1) BCHA, its staff and Board of Commissioners, do not act as licensed brokers or real estate agents representing any party to the transaction, but solely as representatives of BCHA and its interests in administering the Deed Covenant.
- 2) The Owner of a Community Home is responsible for the sale of the Community Home throughout the process.
- 3) Both the Owner and Purchaser are solely responsible for fees charged by their respective agents during and at the conclusion of the Community Home Sale Process.
- 4) Other Fees not charged by BCHA and not contemplated by this Section of the Community Housing Guidelines must not be incorporated into the Initial Purchase Price unless the total of those fees when added to the Purchase Price is less than the Maximum Resale Price listed in the Notice of Intent to Sell.
- 5) BCHA does not guarantee that a Community Homeowner may realize the maximum calculated resale price of the Community Home.
- 6) Not more than one Home may be owned by the same person (Applicant), either as a sole owner or as a Joint Tenant or Tenant-in- Common, nor may another member of an Applicant's Household own another Home.
- 7) If a Notice of Intent to Sell has been given to BCHA and the owner must relocate to another area before the Community Home has been sold, the home may, upon approval of BCHA, be rented to a qualified individual, in accordance with these Guidelines (See Sections 3 and 7) for a maximum period of two (2) years. Notice of the owner's intent to rent the Community Home should also be provided to any applicable homeowners' association at the time the rental request to BCHA is made. A letter requesting permission from BCHA to rent the Community Home until it is sold must be sent to BCHA before the home can be rented.
- 8) If an Owner wishes to lease the Community Home during the Community Home Sales Process, all Tenants must be qualified by BCHA and the Community Home must be leased pursuant to the terms set forth in the Deed Covenant on the Community Home or, if there are no such provisions in the Deed Covenant, upon terms approved by BCHA.
- 9) Each Tenant is entitled to a minimum six (6) month written lease that includes a move out clause with a sixty (60) day notification to the Tenant that the Community Home has been sold. A copy of the executed lease must be furnished by the owner to BCHA.

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Section 6. Reserved

Section 6. Reserved

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Section 7. Applicant Categories and Pricing

Income Categories are used by BCHA to determine the appropriateness of Community Housing development proposals in each location and to determine which Applicants must be considered for particular Community Homes. These Income Categories determined by BCHA are based on percentages of the Area Median Income (AMI) on an annual basis. A Household may purchase or rent a Community Home in a higher Income Category, but not in a lower Income Category. The Household Net Worth must not exceed the published allowable net worth specified for the Income Category. Current income limits and allowable net worth are available on BCHA’s website or by request.

Table 7.1 Household Income Categories by Area Median Income (AMI).

| Applicant Category | Percentage of Area Median Income |
|---------------------------|---|
| 1 | Less than 50% |
| 2 | 50% to 60% |
| 3 | 60% to 80% |
| 4 | 80% to 100% |
| 5 | 100% to 120% |
| 6 | 120% to 140% |
| Category Local | No Income Limit but must be a full-time resident of Blaine County |

*For Income Categories greater than 6, BCHA may recommend that proposed housing be classified as “Category L” which is housing that may be offered to the full-time residents and employees of Blaine County.

A. Calculation of Sales Prices for Existing Community Housing For Categories 1-6

- 1) Maximum sales prices are determined by BCHA based upon CPI and capital improvements, as defined by the deed covenant, made to the home. The price is calculated based upon the federal affordability calculation allowing thirty percent (30%) of Household Income to be allocated to monthly housing cost. The sales price for newly constructed/available Community Housing varies according to the Area Median Income in any given year and according to the calculation of the “maximum monthly housing cost.” “Maximum monthly housing cost” includes the following monthly payments:
 - a) Principal, interest, and mortgage insurance payment (if any) on first mortgage
 - b) Escrow payment of property taxes and property insurance
 - c) Land lease payments if any
 - d) Homeowners/condominium association fees if any
 - e) Utility costs

B. Calculation of Maximum Sales Price for Newly Constructed Community Homes

- 1) The maximum sales price is based on the minimum income of an Income Category to ensure that the price of a Community Home is affordable to every purchaser within that Income Category.
- 2) The amount is determined when BCHA performs a calculation utilizing a Community Housing Pricing Calculator

C. Maximum Monthly Gross Rental Rates for Community Housing

- 1) The maximum monthly gross rental rates for Community Housing are published by BCHA.
- 2) The latest maximum monthly gross rental rates can be found on BCHA’s website. These monthly Gross Rental Rates must be in effect for the term of the initial lease (twelve (12) month minimum). Thereafter, the maximum monthly gross rental rate can be adjusted in accordance with the published maximum monthly gross rental rates at the time of renewal.
- 3) The maximum monthly gross rental rates are based on an amount equal to or less than thirty percent (30%) of the Household Income per month. This gross rental rate figure includes utilities. Essential utilities include electricity, gas, water, sewer, trash and internet.
- 4) Please contact BCHA for a Utility Allowance Analysis based on each unit’s size, appliances, and heat source to get a net rental rate figure. The maximum Net Monthly Rent may be less than the published Monthly Gross Rental Rates.

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Section 8. Procedures for Exceptions and Grievances

Situations may arise where a special review is appropriate to allow for exceptions to the application of these Policies, or to address grievances against BCHA for its actions or failure to act in accordance with these Policies. These two processes are described below:

A. Request for an Exception

- 1) Exceptions to any provision of these Policies may be granted by the BCHA Board when, because of unique circumstances, the strict application of the policy places an undue hardship or burden on a particular Applicant, Tenant, or owner. An undue hardship or burden is not merely an inconvenience or issue of preference but must be burdensome or restrictive enough to create a significant difficulty or expense for the Applicant, Tenant, or Owner.
- 2) Any Applicant, Tenant, or Owner may file a request for an Exception with BCHA, in writing stating:
 - a) The Specific BCHA Policy or Policies which the Applicant, Tenant, or Owner is requesting waiver of or alteration to;
 - b) The circumstances constituting an undue hardship or burden which are the basis for the Exception request;
 - c) The action requested to resolve the undue hardship or burden (i.e., partial waiver, complete waiver, or modification of the Policy or Policies); and,
 - d) The name, address, and telephone number of the person making the request and his or her representative, if any.
- 3) Upon receipt of a request for Exception, the BCHA staff shall:
 - a) Review, investigate, and prepare for the BCHA Board a report analyzing and making a recommendation on the requested Exception;
 - b) Shall forward the report to the Board and all parties involved to hear and make a decision on the request, but in no event shall such meeting take place more than thirty (30) days after receipt by BCHA staff of the request for Exception.
- 4) At the meeting, the Board shall review the request and any additional information and evidence presented by the person making the request and any other person present at the meeting. Prior to making a decision on the request, the Board may continue the meeting as it deems necessary to obtain additional information or for

further deliberations, but in no event shall the Board delay a decision by more than thirty (30) days absent exigent circumstances.

The Board may approve, approve with conditions or alterations, or deny a request for an Exception. and such decision shall be issued in writing, and delivered to all parties involved. The decision of the Board shall be supported by written explanation and findings. A decision to approve a request for an Exception shall be based on the following findings:

5) Based on the request for Exception and any supplemental documents or information considered, the strict application of the BCHA Community Housing Administrative Policies to the Applicant, Tenant, or Owner causes an undue hardship or burden, and not merely an inconvenience or issue of preference, which is unique to the person and circumstances for which the request is made;

The strict application of the BCHA Community Housing Administrative Policies to the Applicant, Tenant, Owner is the primary cause of the undue hardship or burden, such that the remedy of any other contributing factors would not relieve the Applicant, Tenant, or Owner of the undue hardship or burden.

- a) Approval of the request is consistent with the spirit, purpose, and intent of the Policies;
- b) Approval of the request will not give the person requesting the Exception an undue or unfair advantage over another person, but will merely relieve them of the undue hardship or burden;
- c) Approval of the request will not conflict with any provisions of the BCHA Deed Covenant on the property subject to the request; and
- d) Approval of the request of Exception is the only reasonably available remedy to the undue hardship or burden, and the exception is not overly broad in its scope.

The Board will provide the person making the request with its written decision and findings. The Board will make every effort to render a decision within sixty (60) days after the filing of the request and all requested information. Applicants to whom a request for Exception is denied may appeal the decision by submitting a formal Grievance in accordance with the procedure described below.

B. Grievance Procedure

- 1) A Grievance may be filed by any Applicant, Tenant, or Owner based on an alleged violation by BCHA of one or more provision of this Policy, or as a means of appealing a denied request for Exception.
- 2) Any Applicant, Tenant, or Owner may file a general Grievance with BCHA, in writing, stating:
 - a) The specific provision of this Policy which the Applicant, Tenant, or Owner alleges BCHA to be in violation of;
 - b) The specific BCHA action or omission which the Applicant, Tenant, or Owner alleges to be the violation;
 - c) The action requested to cure the violation; and
 - d) The name, address, telephone number, and email of the grievant and his or her representative, if any.
- 3) Any Applicant, Tenant, or Owner may appeal the denial of a request for Exception by filing a Grievance with BCHA, in writing, stating:
 - a) Which request for Exception is being appealed;
 - b) Evidence demonstrating that the findings necessary to approve a request for Exception, as described in 8.A.5, are present, and that denial was therefore improper;
 - c) The action requested to cure the allegedly improper denial; and
 - d) The name, address, telephone number, and email of the grievant and his or her representative, if any.
- 4) An appeal of the denied request for Exception shall be heard in the same manner described in 8.A.3. If the request is again denied on appeal, the grievant may submit a final appeal to the Blaine County Board of Commissioners, in writing, within thirty (30) days after the date the decision is rendered.

C. Grievance Hearing

The Grievance Hearing must be conducted by BCHA as follows:

- 1) Upon receipt of a written Grievance, a public hearing before the BCHA Board of Commissioners must be scheduled. The grievant must be afforded a fair hearing providing the basic safeguards of due process, including notice and an opportunity to be heard in a timely, reasonable manner, and to present evidence.
- 2) Notice of the public hearing shall be provided to the Board, the grievant, and any other

parties involved, to be held as soon as practicable and convenient to the Board and the grievant, but in no event shall such hearing take place more than thirty (30) days after receipt by BCHA staff of the grievance.

- 3) Within no less than seven (7) days prior to the hearing, and at the expense of the grievant, the grievant and BCHA must have the opportunity to examine and to copy all documents, records, and regulations of BCHA and the grievant that are relevant to the hearing.
- 4) If, after written request for production of such, any document, record, or regulation is not made available by BCHA or the grievant in the aforementioned manner, said document may not be relied upon at the hearing.
- 5) If any of the above requirements cannot be reasonably fulfilled by the originally scheduled date of the public hearing, the matter may be continued, with or without request by the grievant, and at the discretion of BCHA. Any decisions to continue the hearing shall be provided, in writing, to the grievant as soon as reasonably practicable. Any continued hearing shall be rescheduled for a date no later than thirty (30) days after the originally scheduled hearing.
- 6) At the public hearing, the grievant shall present their argument and the evidence in support of it before the Board.
 - a) The grievant has the right to be represented by counsel.
 - b) Oral or documentary evidence may be received without strict compliance with the rules of evidence applicable to judicial proceedings.
 - c) The opportunity to cross-examine may be afforded or denied at the discretion of BCHA, and, if afforded, may be regulated by BCHA as it deems necessary for a fair hearing.
- 7) Following the conclusion of the public hearing and based on the records of proceedings, BCHA will provide a written decision and include therein the reasons for its determination. Prior to making the decision, the Board may continue the meeting as it deems necessary to obtain additional information or for further deliberations. However, every attempt must be made to settle a Grievance with BCHA within six months after the date the Grievance is filed, and any decision shall be issued within six months after the date the Grievance is filed.
- 8) BCHA will make its determination on the basis of these Community Housing, BCHA Policies, and relevant BCHA-drafted Deed Covenants attached to the land.
- 9) If the complainant fails to appear at the scheduled hearing, BCHA may make a determination to continue the hearing, dismiss the grievance, or make a

determination based upon the written documentation and the evidence submitted.

- 10) The decision of BCHA will be binding on all parties involved, and BCHA and/or the grievant shall take all actions necessary to carry out the decision following its issuance as soon as reasonably practical. If the grievant disagrees with the decision issued by BCHA, they may appeal the decision to the Blaine County Board of Commissioners, in writing, within thirty (30) days after the date the decision is rendered.
- 11) BCHA must have the authority to enforce its determinations, as provided by law and put forth in these Community Housing , BCHA Policies and BCHA-drafted Deed Covenants attached to the land.

D. Alternative mechanisms for hearing and resolution

- 1) In the event that the aforementioned grievance procedure is not an appropriate or reasonably achievable means of resolving the matter, any of the following alternative methods for dispute resolution may be utilized:
 - a) Use of a certified mediator in Blaine County, or as nearby as reasonably practical;
 - b) Through the Idaho Human Rights Commission;
 - c) Through a civil court proceeding;. The grievant may be eligible for pro bono legal assistance through Idaho Legal Aid; or,
 - d) If a Fair Housing violation is suspected, the local jurisdiction may be contacted to conduct an investigation. If the grievant disagrees with the findings of that investigation, they may appeal to the Idaho Human Right's Commission.

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Section 9. Program Non-Compliance and Enforcement

A. Renter Non-Compliance and Enforcement

- 1) Renters are required to abide by all terms of the lease completely. Should it be determined that a tenant was justly evicted from a Community Housing Unit, the tenant will also be terminated from the BCHA Community Housing Program. The tenant will not be eligible to reapply for a period of 5 years.

B. Homeowner Non-Compliance and Enforcement

- 1) Should the owner deny each of the applicants provided by BCHA, the owner will be reminded of fair housing law and be required to provide written justification for each denial.
- 2) Homeowners who do not comply with the terms of the home deed and/or program expectations, as described within these guidelines, the homeowner may be required to sell the home.

C. Landlord Non-Compliance and Enforcement

- 1) Should the landlord deny each of the applicants provided by BCHA, the landlord will be reminded of fair housing law and be required to provide written justification for each denial.
- 2) The landlord will work in partnership with BCHA on all compliance matters. Should a renter fall out of compliance for any reason, the landlord may begin the eviction process of the renter.
- 3) A copy of any eviction notice must be provided to BCHA.
- 4) Should the owner decide to sell the Housing unit during the lease period, the owner must notify BCHA immediately. The lease must remain intact after the sale. An executed agreement between the buyer and seller must describe the new Property Owner's obligations under this program, plus the following:
 - a) The obligation to abide by the lease terms, or
 - b) If the new owner desires to pursue breaking the lease, they must provide a 30-day notice to the household and to BCHA. Furthermore, the new owner must pay the household the amount equal to the monthly rent times the number of

remaining months, rounded up. In this case, Landing Locals would work to place the tenants into another property.

BCHA will treat every purchaser, seller, and renter of Community Housing with fairness in accordance with these Community Housing Guidelines and will strive to prohibit discrimination on the basis of race, color, religion, sex, familial status, national origin, disability, sexual orientation, gender identity, or veteran status on the part of the purchaser, seller, or the agents of any party to any transaction.