



Pitkin County

Employee Deed Restricted Program

GUIDELINES

Pitkin County is committed to retaining and recruiting dedicated and knowledgeable employees to serve Pitkin County residents and visitors. Housing costs represent a significant challenge to this goal. Pitkin County has created the Deed Restricted Program (DR) as a retention and recruitment tool. The benefit involves the County partnering with an employee to take an ownership interest in a property to make home ownership a possibility for employees that qualify under the following conditions.

A. Eligibility for Benefit	<ul style="list-style-type: none"> • Regular full time employees in good standing. • Employee may only receive this benefit once during their employment with the County. • The benefit is provided on a first come first served basis, and is subject to annual budget appropriations. • The benefit is not offered based on job classification or other factors other than those that follow. In the event two employees purchase a property together only one benefit subject to the limitations in paragraph E shall be provided.
B. Property Eligibility	<ul style="list-style-type: none"> • Primary residence only. • Property must be located within Pitkin, Eagle or Garfield Counties between Aspen and Carbondale. Eligible homes must be real property and permanently attached to a foundation and conform to all prevailing building code standards. • Property must be free market (no deed restriction). • Employee or their spouse may not own or have an ownership interest in other developed residential property within the Aspen/Pitkin County Housing Authority Ownership Exclusion Zone. • The property shall not be sub-let or rented by the occupant. • All purchases eligible for this benefit must have an appraised value at or above the proposed purchase price at the time of purchase.
C. Maximum Purchase Price	A maximum purchase price is not specified, but will be limited by paragraphs E, F, G and H.
D. Income Threshold	Based on paragraph G
E. Maximum Amount of Benefit	\$300,000 or 40% of the property purchase price (whichever is less). County investment shall be at least 15% of the purchase price.
F. Compatible Financing	<ul style="list-style-type: none"> • Employee and co-borrower(s) must qualify for a primary mortgage financing through a reputable lending institution. • The Benefit will only be offered in conjunction with a fixed or variable mortgage with a term of 30 years or less. • FHA, Subprime and other non-conforming products cannot be used in conjunction with this benefit.
G. Debt Ratio	<ul style="list-style-type: none"> • The maximum back-end total ratio for overall debt is 45%.



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	<ul style="list-style-type: none"> The estimated payments for the first mortgage, property insurance, HOA fees, property taxes, and utilities (based on prior 12 month average) may not exceed front-end housing 35% of the household income.
H. Ratio of benefit and Loan to Property Value	<ul style="list-style-type: none"> The total value of the benefit and outstanding debt on the property may not exceed purchase price without approval from the County.
I. Minimum Investment	<ul style="list-style-type: none"> Employee must have a minimum direct investment of <u>5%</u> of the purchase price from a source acceptable to the primary lender. In no case may the seller or premium pricing of the mortgage interest rate satisfy this minimum requirement.
J. Use of Benefit	<ul style="list-style-type: none"> Benefit to be applied directly to the investment. Under no circumstances shall the employee directly receive the funds. County contribution based on total transaction costs.
K. Right of First Refusal	<ul style="list-style-type: none"> A covenant and de minimus note shall be recorded with the deed giving Pitkin County the first right of refusal to purchase the property in the event of default or the employee's decision to sell the property.
L. Deed Restriction	<p>The County shall have a covenant recorded on the property that defines the occupant's responsibilities to the County during occupancy and upon sale. The covenant shall provide the County a first right of refusal to purchase in the event of default, separation from county employment, or the employee's decision to sell the property. The covenant shall also define the purchase price calculation for the County to purchase the employee's share of the property. If an employee separates service from the County, the employee shall have 90 days to sell the property to the County for an amount set forth in the Deed Restriction. Events that trigger the County's first refusal option include:</p> <ul style="list-style-type: none"> Separation from County employment Employee would like to sell the property Refinances the primary loan* Defaults on the primary loan Employee does not occupy the property as their primary residence Purchases other developed residential property within the Aspen/Pitkin County Housing Authority Ownership Exclusion Zone. The Deed Restricted Program is not a loan and the employee will not be obligated to a monthly payment or repayment schedule beyond what is described above. <p>If the property is disposed of within the first five (5) years from the day of purchase, the County will exercise its right to purchase the property.</p> <p>*The County will not require sale of the property if the new loan does not exceed the principal balance of the existing primary loan.</p>
M. Resale Value (County Purchases)	<p>If the County exercises its right to purchase the property, the property shall be sold for an amount equal to the lesser of:</p>



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	<ul style="list-style-type: none"> • The Owner's purchase price plus an increase of three percent (3%) of the purchase price per year from the date of purchase (prorated at the rate of .25% percent for each whole month for any part of a year); or • The property's appraised value at time of sale.
<p>N. Employee Credit for Capital Improvements</p>	<p>The employee may receive a credit for Capital Improvements applied to the property not to exceed 10% of the original purchase price. A credit shall only be provided under the following conditions and definitions:</p> <ul style="list-style-type: none"> • Capital Improvements are made and paid for by the employee pursuant to the requirements of any governmental body, agency or Homeowner's Association, and approved in writing by Pitkin County through its County Manager or designee. • Eligible Capital Improvements are only those improvements outlined in the Homeownership Capital Improvements Policy, published on an annual basis by the County Manager. • To qualify for a Capital Improvement, the Owner must submit to the County in advance a request for approval of any proposed Capital Improvement, as outlined in the Homeownership Capital Improvements Policy, and obtain that approval; <ul style="list-style-type: none"> ○ Capital Improvements shall be validated by production of original receipts for costs (actual cost) with no allocation for Owner's "sweat equity"; no Capital Improvements shall be added to calculation without proof of receipts, affidavit as to validity of receipts, and building permit from the applicable governing body's Building Department. • Less the cost of any repairs or replacements necessary to restore the Property, defined as Excessive Damage, to a reasonably adequate level of repair and habitability. For purposes of this section, repairs and replacement required by ordinary wear and tear shall not be deducted from the sales price otherwise computed hereunder.
<p>O. Excessive Damage Assessment</p>	<ul style="list-style-type: none"> • The County shall have the right to inspect the Property to determine whether the Owner has complied fully with the maintenance obligations set forth in S to confirm that the Eligible Capital Improvements have been completed in a workmanlike manner and the reasonable value thereof. If, after such an inspection, the County determines in its judgment that the Owner has not fully complied with this obligation, the County shall determine in its judgment the cost to complete such repairs, replacements, and other work necessary to restore the Property to a good, safe and habitable condition in all respects, and to bring it into full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Property. This amount shall be called the Excessive Damage Assessment, and it shall be included in the calculation of the Resale Price Limit.
<p>P. Employee Obligations</p>	<ul style="list-style-type: none"> • The Owner shall maintain the Property in good, safe, and habitable condition in all respects, except for normal wear and tear, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with



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	<p>jurisdiction over matters concerning the condition of the Property. The Owner shall suffer no mechanics' liens to be recorded against the Property.</p> <ul style="list-style-type: none">• The benefit recipient shall be responsible for all costs associated with maintaining and improving the property.
Q. Leave of Absence	<p>Owner who receive an approved Leave of Absence (per the Pitkin County Policy and Procedure Manual) and remain in good standing may be eligible to rent or sub-let the property during their absence.</p> <ul style="list-style-type: none">• Employees must receive an approved Leave of Absence from the County Manager prior to renting the property• The owner may rent the property subject to HOA approval and shall be no more than the time stated in the lease between the owner and tenant and shall not exceed the owner's monthly expenses including mortgage payments, HOA dues, utilities, insurance and property taxes• The owner shall not receive appreciation on the sale price for any period exceeding one year.
R. Roommate Policy	<p>Owner is permitted to rent bedrooms to roommates under the following terms and conditions:</p> <ul style="list-style-type: none">• Roommate's income will not be considered as part of the household income calculation for determining Pitkin County participation levels.• Pre-approval from the County Manager or designee is required.• Lease terms must be at least one month.• Income derived from rental rates may not exceed one-half of the following<ul style="list-style-type: none">- Total monthly mortgage payment <u>and</u>- Total monthly utility payments <u>and</u>- Total monthly HOA dues (if applicable).• Owners are not permitted to rent their units for short-term rentals (except as permitted in Q) or as income producing properties.• Owners must be in good standing with their Homeowner Association in order to obtain approval.
S. Exceptions	<ul style="list-style-type: none">• Exceptions to the guidelines governing eligibility or disposition of Pitkin County's Deed Restricted Program may be considered by Pitkin County with County Manager approval.