



2025 Anvil Townhomes Waitlist

APPLICATION PACKET

Thank you for your interest in the Silverton Housing Authority's Anvil Townhome Ownership Program. This is the official Application Packet for the 2025 Waitlist Application and contains all the necessary information and forms to apply for placement on the 2025 Waitlist.

Please read the enclosed materials carefully to ensure you understand the program requirements, eligibility criteria, and application process. Only complete and accurate applications submitted by the designated deadline will be considered for the Waitlist Drawing.

For any questions, assistance, accommodations, or language translation services, please contact Anne Chase at achase@silverton.co.us or 970-880-0278.

Disclaimer: The Silverton Housing Authority expressly disclaims any and all warranties, express or implied, including without limitation fitness for a particular purpose with respect to the provision of housing units. Silverton Housing Authority does not represent, warrant or promise to construct, finance or otherwise produce, in whole or in part, any housing units pursuant to this document or under any other housing programs or the Silverton Affordable Housing Guidelines. No Applicant may rely upon any promise implied or expressed that Housing Units shall be constructed, financed, sold, or otherwise produced, in whole or in part, by the Silverton Housing Authority. In no event shall Silverton Housing Authority be liable to any Applicant for any direct, indirect, incidental, punitive, or consequential damage of any kind whatsoever, including without limitation lost profits, lost sales, lost business, lost opportunity, lost information, lost or wasted time. None of the information contained in this document constitutes an offer to sell or the solicitation of an offer to buy a Housing Unit.

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Anvil Townhomes Ownership Program
WAITLIST APPLICATION CHECKLIST

☐ **\$25 Non-refundable Application Fee** (using the Xpress Bill Pay link or check/cash payment to the Town of Silverton's Clerk's Department). Proof of payment will be required to upload on the online application.

☐ **Copy of unexpired legal ID** (including driver's license, identification card, or passport)

☐ **Signed Waitlist Applicant Agreement** (page 9)

☐ **Mortgage Pre-qualification Letter** (or Proof of Funds) **according to the requirements of Section 303.6 of the Silverton Affordable Housing Guidelines.**

☐ **Certificate of Completion of HUD-Certified Homebuyer Education Course** dated within the past 3 years.

☐ **Signed Authorization to Release Information** (page 11)

☐ **Most recent filed federal tax return**

☐ **6 most recent months statements from all checking accounts**

☐ **2 most recent months statements from all asset accounts** (savings, money market, retirement, investments, mutual funds, Paypal, Venmo, CashApp, virtual currency).

If you are a wage earner (or have received wages in the past 12 months):

☐ **Employment Verification Form** (page 12) completed, signed, and submitted by your employer.

☐ **Copies of all most recent W-2's and 1099's** with your Social Security number redacted.

☐ **Copies of two most recent paystubs from all current employers & previous employers from the prior 12 months with year-to-date earnings**

If you are Self-Employed:

☐ **Copy of Business License**

☐ **Profit and Loss Statement** (from the past 12 months)

☐ **Two most recent federal tax returns (personal and business including the following as applicable: 1099's. Partnership-K-1 and 1065. S-Corporation-K-1 and 1120S. Corporation – 1120 (including W-2's and most recent paystubs)**

If you are on a fixed-income, or have additional income sources (child support, rental income), the following as applicable:

☐ **Award / benefits letter**

☐ **Proof of deposits** (bank account statements, copies of checks)

If applying for Bonus Qualification Entries:

☐ **Resident of San Juan County:** Copies of leases, proof of rent payment, voter registration.

☐ **Qualified Disabled:** Accessibility Needs Assessment / Reasonable Accommodation (page 15).

Once you have all supporting documentation ready to upload, you may begin the online Application Form.

Contact achase@silverton.co.us or 970-880-0278 with questions about required documentation before beginning the online Application Form.

SECTION 1: APPLICATION PROVISIONS AND COMPLIANCE

The following provisions apply to the 2025 Anvil Townhomes Waitlist Application.

1. **Silverton Affordable Housing Guidelines** – This Application is administered under the provisions of the Silverton Affordable Housing Guidelines (“Guidelines”), including but not limited to Section 300: Anvil Townhomes Ownership Program. The Guidelines are designed to ensure fair and equitable access to affordable housing opportunities. By applying, you agree to comply with these provisions, which include, but are not limited to, eligibility requirements, income limitations, and use restrictions on the Subject property. The Anvil Townhome Ownership Program Guidelines are available in Appendix A. The full Silverton Affordable Housing Guidelines are published on the Silverton Housing Authority’s website, or a copy can be requested from achase@silverton.co.us or 970-880-0278.
2. **Fair Housing Act** - The Silverton Housing Authority shall fully comply with all Federal, State and local nondiscrimination laws; the Americans with Disabilities Act; and, to the extent applicable, the U.S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.
3. **Limited English Proficiency** – The Anvil Townhome Ownership Program and Application process will be administered in compliance with Colorado and Federal Guidelines. Free interpretation services and translations of vital documents will be provided as needed. Language preference will be identified during the application process, and reasonable steps, such as using bilingual staff or interpreters, will ensure effective communication. Applicants and tenants will be informed of their right to these services, and staff will be trained on LEP requirements. No individual will be excluded or treated unfairly due to limited English proficiency, in line with Title VI of the Civil Rights Act and Executive Order 13166.
4. **Lawful Presence** - The Anvil Townhome Ownership Program is administered in accordance with C.R.S. § 24-76.5-103. Pursuant to 8 U.S.C. § 1621(d). Lawful presence is not required to determine eligibility for state or local public benefits, including the Anvil Townhome Ownership Program.
5. **Reasonable Accommodation** – Applicants may request a reasonable accommodation in accordance with the Americans with Disabilities Act if they require modifications to the Initial Qualification Application process or to the Anvil Townhome Ownership Program in general according to Section 109.6 of the Silverton Affordable Housing Guidelines. Requests for accommodation must be submitted to the Silverton Housing Authority Staff before the closure of an Application Period, who will review and determine accommodations.
6. **Fraud Warning** - Signatures on documents submitted to SHA constitute verification that all information provided is true and accurate. If any such information provided is determined to be false or non-verifiable, such person may be disqualified by SHA and referred to law enforcement for investigation and/or prosecution. Disqualified persons may be denied future participation in SHA Programs. Mortgage fraud may be referred to the FBI for investigation.

7. Privacy Statement - All personal and financial information provided to SHA will be kept strictly confidential, except as follows:

- A. Signed contracts between the Applicant or Household and SHA or the Town including without limitation Contract to Purchase a Housing Unit, all recorded documents including Deed Restrictions, and any document that would customarily be a matter of public record in the applicable jurisdiction;
- B. The names and Waitlist order of all Applicants who have participated in any Waitlist held per Section 105 of the Guidelines;
- C. Any record that a court of competent jurisdiction rules must be released under the Colorado Open Records Act, C.R.S. § 24-72-200.1 *et seq.* under the condition that all sensitive information will be redacted.
- D. Personal and private information to the extent SHA determines the information is necessary for its deliberation of a request for an Exception or for a Grievance or Appeal at a public hearing, or for consideration during a violation hearing.

SECTION 2: INTRODUCTION AND INSTRUCTIONS

☐ For Application Reasonable Accommodation Requests or Language Translation

Services Contact Anne Chase: achase@silverton.co.us, 970-880-0278.

- You may complete this application in the language of your choice.
- To schedule a meeting for questions, support or assistance, email achase@silverton.co.us, or call 970-880-0278.

Application Information

This application enters you into Waitlist Drawing, a random and fair process used to determine the order in which eligible applicants may be offered a property. Only applicants who meet program requirements will be included. Being placed on the Waitlist does not guarantee the opportunity to purchase a home. SHA will begin the Buyer Approval Process with the first person on the Waitlist. If approved, the property will be offered to them. If not, they will be removed and SHA will move to the next applicant, continuing until the property is sold.

A. 2025 Waitlist Application Schedule

The following dates apply to the year 2025:

Application Period Opening	September 29 th
Application Period Closing	November 3 rd , 2025, 11:59pm
Initial Application Review & Notification of Application Status	November 6 th
Application Remedy Period	November 7 th – November 16 th
Final Admin Decision of Application Status	November 17 th
Appeal Period	November 17 th – November 26 th
Appeal Hearing (if any) and Waitlist Drawing	December 1 st

B. Application Submission Instructions

Applications and attachments will be accepted through the online application form. Alternative submission formats will only be accepted if the Applicant has requested and been granted a reasonable accommodation.

C. Application Review and Status – Applications will be reviewed according to the [Anvil Townhome Ownership Program Guidelines](#). Late, incomplete, findings of ineligibility, or the presence of conflicting information in an application will render the application status as *denied*. If submitted timely, completed, and eligibility is verified, the application will be *accepted* into the Waitlist Drawing. Upon notification of the Final

Admin Decision of application status, applicants will be provided with Appeal Procedure information.

- ☐ The Application Packet may be printed free of charge at Silverton Town Hall.

Application Instructions

1. STEP ONE: Determine Income Eligibility

Applicants may apply for the Waitlist of any unit for which the following conditions are met:

- ☐ Household gross income is below the unit's Income Limit.
- ☐ Can obtain a mortgage pre-qualification for the sale price or demonstrate proof of funds.
- ☐ Can demonstrate the monthly housing costs, including primary, interest, taxes, insurance, and HOA fees are less than 35% of the Applicant's gross monthly income.
- ☐ Has completed a HUD-approved homebuyer education course in the past three years immediately prior to the closing date of the application period.

2025 Available Waitlists:

- ☐ 2-bedroom ≤ 80% AMI
- ☐ 2-bedroom ≤ 100% AMI
- ☐ 3-bedroom ≤ 100% AMI
- ☐ 3-bedroom ≤ 100% AMI Visitable and Sensory Impairment Accessible
- ☐ 3-bedroom ≤ 140% AMI

2025 San Juan County Area Median Income Limits (AMI)

<u>Household Size</u>	<u>80% AMI: Gross Annual Income</u>	<u>100% AMI: Gross Annual Income</u>	<u>140% AMI: Gross Annual Income</u>
1 Person	\$57,120	\$71,400	\$99,960
2 Person	\$65,280	\$81,600	\$114,240
3 Person	\$73,440	\$91,800	\$128,540
4 Person	\$81,600	\$102,000	\$142,800
5 Person	\$88,160	\$110,200	\$154,280
6 Person	\$94,720	\$118,400	\$165,760

***Gross Income Definition:** The sum of all wages, salaries, profits, interest payments, rents, and other forms of earnings, before any deduction or taxes, for everyone in the Applicant Household over the age of 18.

2. STEP TWO: Review Program Requirements and Property Covenants

These properties are subject to use restrictions and requirements to ensure they are used as-intended, which is to provide affordable homeownership opportunities for years to come. Before applying, make sure the restrictions and limitations are in line with your homeownership goals.

The Anvil Townhomes are subject to the Silverton Affordable Housing Guidelines. The program details are under the 300's section of the Guidelines. In addition, there are Affordability Covenants and an Homeowners Association (HOA) that place restrictions on the property.

3. **STEP THREE: Complete a HUD Certified Homebuyer Education Course.** The SHA will accept certificates of completion of a Homebuyer Education Course dated within the past three years.
4. **STEP FOUR: Gather necessary income-verification documentation.** Using the Application Checklist, gather supporting documentation to upload in your online application form. Conveniently, your mortgage lender will need to see this information as well.
5. **STEP FIVE: Obtain a mortgage-preapproval letter or show proof of funds for the sale price of the home.** When selecting a mortgage broker to work with, it is strongly recommended to work with someone who is familiar with and comfortable with lending for a home encumbered by affordability and use covenants. If you are paying cash for the property, proof of funds must be demonstrated.

***YOUR MONTHLY HOUSING EXPENSES MUST NOT EXCEED 35% OF YOUR MONTHLY GROSS INCOME.** For the purpose of this application, housing expenses include: the primary mortgage payment (Primary), Interest, Taxes, Insurance and HOA fees (together, commonly referred to as "PITI" costs). You must request your lender to include estimated taxes, insurance, and interest in your pre-qualification letter, as this is not typically included in the standard pre-qualification letter. Please refer to the Property Details section for HOA fees.

6. **STEP SIX: Pay Application Fee.** You can pay the application fee online using the Town of Silverton's Xpress Bill Pay or in-person with card, check, or cash at Silverton Town Hall (1360 Greene Street). You will need a receipt of this payment to upload when completing the online application.
7. **STEP SEVEN: Complete necessary Application Forms.** Refer to the Application Checklist to determine which forms apply to you. Necessary forms for all applicants are:
 - i. **Waitlist Applicant Agreement**
 - ii. **Authorization to Release Information**
8. **STEP EIGHT: Once you are ready, you may begin the online application form to formally submit your application.**

Application Contact: Anne Chase

For any questions or support, contact Anne at achase@silverton.co.us, or 970-880-0278.

WAITLIST APPLICATION AGREEMENT

By submitting an application to the 2025 Anvil Townhomes Waitlist, I agree to and confirm the following:

1. Application Participation

I acknowledge that I have been informed of the requirements, process, and restrictions related to participating in the Waitlist Application.

2. Waiver, Release, and Indemnification

In consideration of my participation in the 2025 Waitlist Application, and with the understanding that such participation is conditioned upon my execution of this Agreement, I acknowledge and agree as follows:

- The Silverton Housing Authority may, in its sole discretion, remove my application from the Waitlist Drawing for any reason stated in this Agreement.
- I waive any claims I may have as a result of my participation in, or removal from, the Program.
- I agree to indemnify, defend, and hold harmless the Silverton Housing Authority, Town of Silverton, San Juan Development Association, San Juan County, and any legal bodies corporate and/or politic flowing therefrom, including their officers, trustees, directors, agents, representatives, employees, and assigns, against any and all claims, including attorneys' fees and costs, which may arise from my participation in, or removal from, the Program.
- This waiver is intended as the complete integration of all understandings between the parties. No prior or contemporaneous addition, deletion, or amendment shall be effective unless set forth in writing and incorporated herein.

3. Documentation Requirements

I agree to provide all documents requested by the Silverton Housing Authority by **March 12, 2025**, including but not limited to:

- Proof of income
- Third-party verified income information
- Any other documents deemed necessary by the Organization

4. Timely Submission of Documents

I agree to supply the required documentation within the timeframe specified by the Organization. Failure to do so may result in immediate removal from the Application, Waitlist Drawing, and/or Waitlist.

5. Verification of Income

I acknowledge that the Organization reserves the right to verify all income information provided. If I fail to meet the income requirements, or if false information is provided, I will be immediately removed from the Application, Waitlist Drawing, and/or Waitlist.

6. Consequences of Non-Compliance

I understand that failure to supply required documentation and/or failure to meet income requirements, as determined by the Organization, will result in immediate removal from the

Application, Waitlist Drawing, and/or Waitlist. In such cases, any benefits or privileges associated with the Application will be forfeited, and I will no longer be considered a participant.

7. Modification of Terms

This Agreement constitutes the entire agreement between myself and the Organization regarding the subject matter herein and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, whether written or oral. Any modification must be in writing and signed by both parties.

8. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without giving effect to any choice-of-law or conflict-of-law provisions.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date below:

Applicant: By: _____ [Applicant's Signature]

Print Full Name: _____ [Applicant's Name]

Date: _____

STATE OF COLORADO)

) SS.

SAN JUAN COUNTY)

Sworn to, before me, by _____, on the ____ day of _____, 20_____.

WITNESS my hand and official seal.

My commission expires _____. Notary Public Signature: _____

(NOTARY SEAL).



AUTHORIZATION TO RELEASE INFORMATION

To Whom it May Concern,

1. As part of the application process to purchase an Anvil Townhome, a deed-restricted property, the Silverton Housing Authority may request any combination of documentation reasonably related to proof of income, assets, and employment. The Silverton Housing Authority may also verify any and all information contained in my/our loan application and in other documents required in connection with the loan.
2. I/We authorize you to provide the Silverton Housing Authority any and all information and documentation in your care or custody upon request by the Silverton Housing Authority. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances, and copies of federal income tax returns.
3. I/We authorize you to contact current and previous employers to verify employment dates, hours and pay rate.
4. A copy of this authorization may be accepted as an original.
5. This authorization continues throughout the application process and ownership period, if any, and expires when I/we have sold and vacated the deed-restricted property.

Effective this ____ day of _____, 20____.

Applicant Name

Co-Applicant Name

Applicant Signature

Co-Applicant Signature

STATE OF COLORADO)

) SS.

SAN JUAN COUNTY)

Sworn to, before me, by _____, on the ____ day of _____, 20____.

WITNESS my hand and official seal.

My commission expires _____. Notary Public Signature: _____

(NOTARY SEAL).

EMPLOYMENT VERIFICATION FORM

SECTION A: APPLICANT

Please fill out Section A then give this form to your employer to complete Sections B and C.

I authorize my employer below to release to SHA any and all information deemed necessary to determine my Household's eligibility to purchase affordable housing pursuant to the Anvil Townhomes Ownership Program.

Employee Name: _____ Employee Title: _____

Employee Signature: _____ Date: _____

SECTION B: EMPLOYER

Please provide the following information for the above listed employee. Then send the completed form to the email at the bottom of the page. Please call 970-880-0278 with any questions.

The below must be completed by an Employer Representative with access to personal records.

Business Name:		
Business Address:		
Employer Phone:		Employer Email:
Date of Hire:	Is employee a seasonal worker: ☐ Yes ☐ No	Average # of weeks worked per year:
Please check the frequency of pay: ☐ Hourly ☐ Weekly ☐ 2x/month (24X/ year) ☐ Bi-Weekly ☐ Monthly ☐ Other: _____		
Current gross pay (per pay period): \$	Rate per hour: \$	Average # of hours per week:
Overtime rate per hour: \$	Average # of overtime hours per week:	
Tips earned per week: \$	Annual bonuses: \$	Commissions earned per week: \$
Additional information (please explain seasonal work cycles and other pertinent information):		
Employee's total gross annual income year-to-date:		# of remaining pay periods this year:

SECTION C: EMPLOYER AUTHORIZED SIGNATURE

Under penalty of perjury, I declare that all information contained herein is true, correct, and complete to the best of my knowledge and belief.

Signature:	Title:
Print Name:	Date:

Employer, please email the completed form to achase@silverton.co.us on or before 11/3/2025. All fields must be legible.

EXCEPTION REQUEST FORM

Please return form to achase@silverton.co.us, or P.O. 250 Silverton, CO 81433, or deliver to 1360 Greene Street, Silverton, CO 81433. For questions, a different format, or translation services, contact achase@silverton.co.us.

Applicants' Full Legal Name(s): _____

Mailing Address: _____

Email Address: _____ Phone Number: _____

Applicant's Representative Name: _____ Email Address: _____

- ☐ I/We understand and acknowledge the requirements of the Silverton Affordable Housing Guidelines and believe there exists a legitimate and compelling reason why I/We should be exempt from or allowed a modification of the requirements.
- ☐ I/We have attached payment for the Exception Request Fee.

Narrative

Please provide a narrative that:

1. Identifies the specific provision(s) or requirement(s) for which the Exception is being requested;
2. Details the particular ground(s) upon which the Exception is based;
3. Describes the action or remedy requested; and
4. Addresses the Standards for Review of Exception Applications (as set forth in Section 109.2.C in the Silverton Affordable Housing Guidelines) applicable to the requested action or remedy:
 - a. Standards for Review of Exception Applications – Applicants seeking an Exception must demonstrate to the satisfaction of the reviewing body that granting the Exception would:
 - i. meet General Affordable Housing Program Goals; and
 - ii. meet one or more of the following additional review standards:
 1. Promotes greater affordability by:
 - a. decreasing the long-term operating and maintenance costs of the Housing Unit in question;
 - b. enabling the Applicant to take advantage of a financing opportunity that would not otherwise be available; or
 - c. protecting the long-term affordability of the Housing Unit through price control or other means.

- iii. Demonstrates or recognizes the long-term commitment of the Applicant to residency, employment, and community involvement within the Town of Silverton Town Limits;
- iv. Provides housing for a critical community need;
- v. Increases square footage or increases livability or durability in materials, finishes, Fixtures or appliances (which do not include Luxury Items or items which significantly exceed standards set in recent SHA constructed Housing Units);
- vi. Creates living space for additional member of the Household without compromising the affordability for the Housing Unit's targeted Income Eligibility Level;
- vii. Enables the Qualified Household to own and occupy a Housing Unit more suitable to the Household's needs;
- viii. Furthers currently adopted Town of Silverton Goals and Objectives related to Affordable Housing; or
- ix. Enables the Qualified Household to respond to life circumstances that arise beyond the reasonable control of the Household (such as the need to care for a retired or Disabled Household member).

Please use the following space to complete the Narrative section. If more space is required, you may utilize an additional page.

REQUEST FOR REASONABLE ACCOMMODATION

ACCESSIBILITY NEEDS ASSESSMENT

Instructions:

Purpose of this form: In accordance with Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act (ADA) and the Fair Housing Act, it is the policy of the Silverton Housing Authority to make reasonable accommodation in rules, policies, practices, and/or services when such accommodation may be necessary to provide a person with a disability the equal opportunity to use and enjoy a program or dwelling under the program.

If you or anyone in your household is a person with disabilities, and you require a specific accommodation in order to fully utilize our programs and services, use this form to request a reasonable accommodation or modification. This form is provided for convenience and this specific form is not required.

Please complete the following information and return to the property management office or the regional office. If you need this document in a different language or larger font or if you need another reasonable accommodation in order to complete this form, please contact the property management office, the regional office, or the Section 504 Coordinator.

The 504 Coordinator is:

Name: Anne Chase

Address: 1360 Greene Street, Silverton, CO (Physical)

Phone: 970-880-0278

TDD/TTY or Colorado Relay: 800-659-2656 or 711

E-Mail: achase@silverton.co.us

Date of Request: _____

Head of Household Name: _____

Name of Household member requesting the accommodation: _____

Best way to contact you for additional information: _____

1. Check the accommodation(s) are you requesting:

- ☐ Assistance with housing related correspondence (the person has difficulty reading, the person has difficulty seeing small print, the person has difficulty with use of hands, etc.)

- ☐ Larger unit to accommodate a person with a disability. Please explain why you need an extra bedroom/larger apartment (storage for medical equipment) and submit additional documentation to support your request.

- ☐ Special communication needs for either persons with visual impairments (written material in alternate formats, such as large print) or hearing impairments (sign language interpretation services).

- ☐ Modifications to current unit (lever door knobs, lower peephole, wheelchair accessible sink, etc.)

- ☐ Other accommodation for a person with a disability, please explain below:

2. If your disability is obvious or otherwise known to the Silverton Housing Authority, and if the need for the requested accommodation is also readily apparent or known, no further verification will

be required. If the disability is not obvious, or the nexus between the disability and the requested accommodation is not obvious, please list the contact information of the knowledgeable professional who can verify that you have a disability warranting the accommodation(s).

Name: _____ Title: _____

Address: _____

Telephone Number: _____ Fax Number: _____

3. Release of Information: I certify that the information provided on this form is true and accurate. I give management permission to discuss the requested accommodation with the knowledgeable professional listed above. Information obtained under this consent is limited to information that is no older than 12 months and that is necessary to evaluate the disability-related need for the accommodation. Medical records will not be accepted or retained in the participant file. The knowledgeable professional listed will receive a copy of this form.

Signature of Applicant/Resident

Date

Fraud and False Statements: Title 18, Section 1001 of the U.S. Code states that a person who knowingly and willingly makes false and fraudulent statements to any department or employee of the United States Government, HUD, a Public Housing Authority or a Property Owner may be subject to penalties that include fines and/or imprisonment.

Office Use Only: RA Log #: _____

SECTION 4: PROPERTY INFORMATION

Property Details

The Anvil Townhome Ownership Program governs nine properties at 645 W 5th Street, 655 W 5th Street Units A-D, and 701 Martha Rose Street Units A-D, Silverton, CO, in Anvil Mountain Subdivision.

80% AMI PROPERTY DETAILS	655 W 5 TH STREET UNIT C, 701 MARTHA ROSE UNITS C & D
INCOME RESTRICTION	80% Area Median Income of San Juan County Colorado
NUMBER OF BEDROOMS / BATHROOMS	2-bed, 1.5-bath
SQUARE FOOTAGE	1,024 sq. ft.
WASHER & DRYER	Yes
KITCHEN APPLIANCES	Refrigerator, oven, microwave, sink, dishwasher, garbage disposal.
ACREAGE	0.02 – 0.05 acres
TAX DISTRICT	112: Town of Silverton
2025 SALE PRICE	\$245,000
UNIT TYPE	Attached Townhome
AVAILABLE UNITS	3
HOA FEES	\$60 per month

100% AMI 2-BED PROPERTY DETAILS	655 W 5 TH STREET UNITS B & D, 701 MARTHA ROSE UNIT B
INCOME RESTRICTION	100% Area Median Income of San Juan County Colorado
NUMBER OF BEDROOMS / BATHROOMS	2-bed, 1.5-bath
SQUARE FOOTAGE	1, 024 sq. ft.
WASHER & DRYER	Yes
KITCHEN APPLIANCES	Refrigerator, oven, microwave, sink, dishwasher, garbage disposal.
ACREAGE	0.02 – 0.05 acres
TAX DISTRICT	112: Town of Silverton

2025 SALE PRICE	\$318,500
UNIT TYPE	Attached Townhome
AVAILABLE UNITS	3
HOA FEES	\$60 per month

100% AMI 3-BED PROPERTY DETAILS	655 W 5TH STREET UNIT A, 701 MARTHA ROSE UNIT A
INCOME RESTRICTION	100% Area Median Income of San Juan County Colorado
NUMBER OF BEDROOMS / BATHROOMS	3-bed, 2-bath
SQUARE FOOTAGE	1,216 sq. ft.
WASHER & DRYER	Yes
KITCHEN APPLIANCES	Refrigerator, oven, microwave, sink, dishwasher, garbage disposal.
ACREAGE	0.05 acres
TAX DISTRICT	112: Town of Silverton
2025 SALE PRICE	\$367,500
UNIT TYPE	Attached Townhome
ACCESSIBILITY	Visitable, Sensory Impairment
AVAILABLE UNITS	2 (one Accessible Unit)
HOA FEES	\$60 per month
* IF SHA RECEIVES AN APPLICATION WITH A DISABILITY BONUS ENTRY QUALIFICATION, THERE WILL BE 2 WAITLISTS OF THE 100% AMI 3-BED UNITS. IF NO DISABILITY BONUS ENTRY QUALIFICATION, THE WAITLIST WILL BE FOR BOTH 100% AMI 3-BED UNITS	

140% AMI PROPERTY DETAILS	645 W 5TH STREET
INCOME RESTRICTION	140% Area Median Income of San Juan County Colorado
NUMBER OF BEDROOMS / BATHROOMS	3bed, 2 bath
SQUARE FOOTAGE	1,216 sq. ft.
WASHER & DRYER	Yes

KITCHEN APPLIANCES	Refrigerator, oven, microwave, sink, dishwasher, garbage disposal.
ACREAGE	0.07 acres
TAX DISTRICT	112: Town of Silverton
2025 SALE PRICE	\$529,200
UNIT TYPE	Single Family
AVAILABLE UNITS	1
HOA FEES	\$35 a month

SECTION 5: ADDITIONAL APPLICATION RESOURCES AND INFORMATION

1. Homebuyer Education & Downpayment Assistance:

- a. **HomesFund:** HomesFund is a non-profit in Durango focused on increasing homeownership accessibility. HomesFund is a great resource for prospective homeowners to receive homeownership consulting, down payment assistance, and connecting you with affordable mortgage products you may be eligible for.

The first step is connecting with a Homeownership Advisor to see what type of loan would be best for you. Email: info@homesfund.org.

Upcoming Homeownership Courses: February 22, 2025, at Fort Lewis College. If the cost to attend is prohibitive of your participation, please contact Anne Chase at achase@silverton.co.us

<https://homesfund.org/event/durango-home-buyer-education-class-saturday-february-22-2025-at-fort-lewis-college/>

- b. **Colorado Housing and Finance Authority (CHFA):** CHFA offers home purchase loans and grants, second mortgage loans for down payment and/or closing cost assistance, and free homebuyer education. See if CHFA is a good fit for you by connecting with a local CHFA lender: [CHFA: Find A Participating Lender \(chfainfo.com\)](#) Begin your homebuyer education with CHFA: www.chfainfo.com/homeownership

- c. **Housing Resources of Western Colorado:** HRWCO offers down-payment assistance through the form of a loan due at the time of resale. <https://hrwco.org/>.

PROGRAM GUIDELINES: SILVERTON AFFORDABLE HOUSING GUIDELINES

Section 300: PROGRAM DESCRIPTION

The Anvil Townhome Ownership Program governs nine (9) properties in Anvil Subdivision (the “Property,” “Unit,” “Housing Unit,” “Subject Unit”) more particularly described in Exhibit A hereto. The Program Guidelines and associated Affordability Covenants recorded at shall be administered by the Silverton Housing Authority, or its duly authorized assign, which shall have the authority and responsibility to monitor compliance with, and enforce, the use restrictions and other provisions set forth herein.

300.1 Unit Mix

AMI Level	2 Bedroom Townhome	3 Bedroom Townhome	3 Bedroom Townhome Visitable and Sensory Accessible	3 Bedroom Single Family
≤ 80% AMI	3 Units	-		-
≤ 100% AMI	3 Units	1 Unit	1 Unit	-
≤ 125% AMI	-	-		1 Unit

300.2 Subsidy Layers

Applicable Subsidy	≤ 80% AMI Unit	≤ 100% AMI	≤ 125% AMI
DOLA / SJC ≤ 125% AMI	Yes	Yes	Yes
DOH AHOP	Yes	Yes	No
CO Health Foundation	Yes	No	No

*No Federal Funding was applied to this program.

300.3 Affordability Covenants

Property Address	AMI Level	DOH Use Covenant Reception Number (Expiration August 2055)	SHA Affordability Covenant Reception Number (Effective in Perpetuity)
701 Martha Rose Street Unit A	100% *Accessible	156091	xxxxxx
701 Martha Rose Street Unit B	100%	156091	xxxxxx
701 Martha Rose Street Unit C	80%	156091	xxxxxx

701 Martha Rose Street Unit D	100%	156091	xxxxxx
655 W 5 th Street Unit A	100%	156091	xxxxxx
655 W 5 th Street Unit B	100%	156091	xxxxxx
655 W 5 th Street Unit C	80%	156091	xxxxxx
655 W 5 th Street Unit D	80%	156091	xxxxxx
645 W 5 th Street	140%	Not applicable	xxxxxx

Section 301: PURPOSE AND APPLICABILITY

- 301.1** The Anvil Townhome Ownership Program governs the [Affordable Housing Units](#) herein referred to as the “Anvil Townhomes,” “Housing Unit(s),” “Subject Unit(s),” or “Property(ies)” to protect affordable home ownership opportunities in Silverton. These provisions govern the purchase, use, sale, transfer, assignment, or conveyance of Housing Units subject to this Anvil Townhome Ownership Program.
- 301.2** Application of the provisions herein is established by a resolution of the Silverton Housing Authority.
- 301.3** **Conflict:** In cases where there is conflict between these Provisions and the Town of Silverton Municipal Code, the Municipal Code shall govern. In cases where there is a conflict between these Provisions and the [Affordability Covenants](#) the provisions of the Affordability Covenants shall govern. In cases where there is conflict between the Anvil Townhome Ownership Program Provisions and the Silverton Affordable Housing Guidelines, these Anvil Townhome Ownership Program Provisions shall govern.

Section 302: PROGRAM POLICY GOALS

- 302.1** The Anvil Townhome Ownership Program is designed to provide affordable housing opportunities for [Households](#) earning less than eighty percent (80%) [Area Median Income \(AMI\)](#), one hundred percent (100%) AMI and one hundred and forty percent (140%) AMI to preserve Silverton’s affordable housing supply.

Section 303: INITIAL QUALIFICATION STANDARDS AND PROCESS

This Section governs the Initial Qualification Standards and Process for Applicants for the Anvil Townhomes Ownership Program.

- 303.1** **Administration of Waitlist Application: Section 504 and other Related Acts**

- A. **Fair Housing** – The Silverton Housing Authority shall fully comply with all Federal, State and local nondiscrimination laws; the Americans with Disabilities Act; and, to the extent applicable, the U.S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.
- B. **Limited English Proficiency** – The Anvil Townhome Ownership Program and Application process is be administered in compliance with Colorado and Federal Guidelines. Free interpretation services and translations of vital documents will be provided as needed. Language preference will be identified during the initial contact and application process, and reasonable steps, such as using bilingual staff or interpreters, will ensure effective communication. Applicants and tenants will be informed of their right to these services, and staff shall be trained on LEP requirements. No individual will be excluded or treated unfairly due to limited English proficiency, in line with Title VI of the Civil Rights Act and Executive Order 13166.
- C. **Lawful Presence** - The Anvil Townhome Ownership Program is administered in accordance with C.R.S. § 24-76.5-103. Pursuant to 8 U.S.C. § 1621(d). Lawful presence is not required to determine eligibility for state or local public benefits, including the Anvil Townhomes Ownership Program.
- D. **Reasonable Accommodation** – Applicants may request a [Reasonable Accommodation](#) in accordance with the Americans with Disabilities Act if they require modifications to the [Initial Qualification Application process](#) or to the Anvil Townhome Ownership Program in general according to [Section 109.6. Requests for Accommodation](#) must be submitted to the Silverton Housing Authority Staff before the closure of an [Application Period](#), to review and determine accommodations.

303.2 Initial Qualification Standards – The following standards apply to determine eligibility to apply for the Anvil Townhomes Ownership Program and warrant one (1) entry to the Waitlist Drawing.

- 1. **Income Level Standard** – The Applicant’s Gross Income must be verified by SHA or its designee that it does not exceed the [Area Median Income Limit](#) of the [Unit](#) being applied for according to [Appendix A](#) at the time of Application and the [Buyer Approval Process](#).
 - a. Applicants may request an [Exclusion](#) from Income pursuant to [Section 103.2.2.A.iv](#) of the [Guidelines](#).
- 2. **Mortgage Pre-qualification** - the Applicant must submit a Mortgage Pre-qualification Letter from a lender. The letter must confirm that the Applicant is pre-qualified for a loan amount that meets or exceeds the Sale Price specified in the Application Packet. Furthermore, the pre-qualification documentation

must demonstrate that the Applicant's anticipated monthly housing costs, including principal, interest, taxes, insurance and Homeowners Association (HOA) fees (collectively "PITI"), do not exceed thirty-five percent (35%) of the Applicant's gross monthly income. Pre-qualification letters that reflect only the loan amount or principal and interest shall be deemed insufficient; the lender must provide estimates of property taxes, homeowners insurance, and, if applicable, mortgage insurance to substantiate the PITI calculation.

i. **If Applicant is not using a mortgage to purchase the property:**

- a. Proof of Funds in the amount of the purchase price must be submitted in lieu of the mortgage pre-qualification letter.
- b. Proof that estimated recurring monthly housing costs, including property taxes, insurance, and required HOA fees do not exceed 35% of Applicant's gross monthly income.
- c. **Pursuant to [Section 110.7](#), if Applicant is using a co-borrower or co-signor** that is not part of the Applicant Household, Applicant must submit an Exception Request according to [Section 109.2](#).

3. **HUD Certified Homebuyer Education Course Certificate** – At least one member of the Applicant Household must complete a HUD certified homebuyer education course within the three (3) years immediately prior to the closing of the Application Period.

303.3 Unit Accessibility –

1. **Sensory Accessible and Visitable Unit Description “Accessible Unit” and Application Process** – The Anvil Townhome Development has one (1) Unit designed for sensory impairment disabilities and visitability, featuring an accessible route, a no-step entry, wider doorways, and a bathroom that accommodates maneuverability. Applicants who meet the [Qualified Disabled Bonus Entry Qualification Standard](#) will be granted additional entries according to the [Bonus Entry Matrix](#) for the [Waitlist Drawing](#) for the Accessible Unit. The Program Application includes an accessibility needs assessment to determine qualification for the Bonus Entry for the Accessible Unit.

303.4 Bonus Entry Qualification Standards – The following Qualification Standards earn additional entries into the Waitlist Drawing.

1. **Definitions:**

- A. **Vital Workforce:** Any [Household](#) with a member [employed](#), or can provide a letter of intent to hire by San Juan County, Town of Silverton, Silverton School, Silverton Family Learning Center, Silverton Medical Rescue, OR any Household with a member who has volunteered for Silverton Fire Department or Silverton Medical Rescue a minimum of

forty (40) hours a month on an annual average in the immediate year prior to the Application Period. *To qualify for Bonus Entries for Vital Workforce, Applicant's employer must submit a completed Employment Verification Form to the SHA as specified in the application packet.*

B. Local Workforce: Any Household with a member currently employed, or can provide a letter of intent to hire by a business located and licensed in San Juan County or meets the Qualified Volunteer definition. Additional entries are dependent on length of employment / volunteerism according to the Bonus Entry Matrix. *To qualify for Bonus Entries for Local Workforce, Applicant's employer or volunteer organization must submit a completed Employment Verification Form to the SHA as specified in the application packet.*

C. Resident of San Juan County: Any Household with a member who has lived and resided in San Juan County for a minimum of twelve months in the two years immediately prior to Application. Bonus Entries are dependent on length of residency in San Juan County. *To qualify for the Bonus Entries for Resident of San Juan County, the Applicant must complete the residential history within the application packet and may be required to provide the following information: executed lease agreements and local utility bills, if applicable.*

D. Qualified Disabled: A person with disability as is defined in 42 US Code § 12102. This Bonus Entry is only applicable to Applicants applying for the Waitlist Drawing for the Accessible Unit.

2. Bonus Entry Stipulations:

A. Maximum of three (3) Bonus Entries per Application, with the exception of the additional Qualified Disabled Bonus Entry for application to the Accessible Unit Waitlist.

B. Employment and Residence history for Bonus qualifications may be applied only to the person in the Household that has worked, or when applicable, lived in San Juan County the longest. Residency length cannot be combined amongst Household members.

3. Bonus Entry Matrix – The following entries will be in addition to the one (1) entry for Initial Qualification Standards.

Bonus Qualification	Sum of Monthly Employment in the Immediate Last 5 Years	Additional Entries

<u>Vital Workforce</u>		+3 entries
<u>Local Workforce</u>	0-12 months (0-1 years)	+2 entries
	13+ months (1+ Years)	+3 entries
<u>Resident of San Juan County</u>	Sum of Monthly Residency in the Immediate Last 2 Years	
	12+ months (1+ years) of Residency	+2 entries
	24+ months (2+ years) of Residency	+3 entries
Qualified Disabled	Completed Accessibility Needs Assessment	+1 entry

303.5 Grounds for Denial - SHA is not required or obligated to qualify, assist, or accept Applicants into the Program if they meet any or all of the criteria of Section 103.8 Grounds for Denial.

303.6 Initial Qualification Process – SHA, or its assigns, administers Applications to determine Initial Qualification of Applicants for the Anvil Townhome Ownership Program Waitlist subject to the following provisions to create an orderly and fair process for offering the Housing Unit for Sale to Qualified Applicants.

1. Opening and Announcement of Application Period –

- A. Notice of the date, time and location at which Applications will be accepted for the Waitlist shall be published as a Legal Notice in a newspaper of general circulation in the Silverton Standard at least twenty (20) days prior to the closure of an Application Period, through the Silverton Housing Authority communication channels and on the Silverton Housing Authority website.
- B. Applications and information shall be available online on the Silverton Housing Authority website concurrent with the publication of the Legal Notice.

2. Application Requirements –

- A. Households interested in purchasing a Housing Unit must submit a complete Application to SHA within the [Application Period](#). No late or incomplete applications will be accepted.
- B. Each member of an Applicant Household over the age of eighteen (18) must sign and be submitted as a Household:
 - i. A release allowing SHA to obtain additional information for Qualification purposes; and
 - ii. A sworn statement including without limitation the following certifications:
 - a. the facts contained in the application are true and correct to the best of the Applicant's knowledge; and
 - b. the Applicant has reviewed the standard application information packet; and
 - c. the Applicant, on the basis of the application presented, believes the Applicant Household qualifies to own the Housing unit in question according to the Affordability Covenants, these Guidelines, and all other applicable procedures, rules and regulations; and
 - d. the Applicant agrees to indemnify, defend, and hold harmless the Silverton Housing Authority and any and all legal bodies corporate and/or politic flowing therefrom including their officers, trustees, directors, agents, representatives, employees, and assigns against any and all claims including attorneys' fees and costs, which may be brought against any of them by anyone claiming to have been injured as a result of Applicant's participation in the Application Program or my removal therefrom; and
 - e. the Applicant agrees to provide all requested information to SHA upon request within the specified timeframe communicated by SHA.
- C. **Application Fee** – Applications must be submitted with the Application Fee according to [Appendix D](#).
- D. **Mortgage Pre-qualification Letter** - the Applicant must submit a Mortgage Pre-qualification Letter from a lender. The letter must confirm that the Applicant is preapproved for a loan amount that meets or exceeds the Sale Price specified in the Application Packet. Furthermore, the pre-

qualification documentation must demonstrate that the Applicant's anticipated monthly housing costs, including principal, interest, taxes, insurance and Homeowners Association (HOA) fees (collectively "PITI"), do not exceed thirty-five percent (35%) of the Applicant's gross monthly income. Pre-qualification letters that reflect only the loan amount or principal and interest shall be deemed insufficient; the lender must provide estimates of property taxes, homeowners insurance, and, if applicable, mortgage insurance to substantiate the PITI calculation.

i. If Applicant is not using a mortgage to purchase the property:

- a. Proof of Funds in the amount of the purchase price must be submitted in lieu of the mortgage pre-qualification letter.
- b. Proof that estimated recurring monthly housing costs, including property taxes, insurance, and required HOA fees do not exceed 35% of Applicant's gross monthly income.
- c. **Pursuant to [Section 110.7](#), if Applicant is using a co-borrower or co-signor** that is not part of the Applicant Household, Applicant must submit an Exception Request according to [Section 109.2](#).

E. HUD Certified Homebuyer Education Course Certificate – At least one member of the Applicant Household must complete a HUD certified homebuyer education course within the three (3) years immediately prior to the closing of the Application Period.

3. Application Exception, Appeal and Grievance Procedure –

A. Applicants may submit an Exception, Appeal, Grievance, and Accommodation according to [Section 109: Exceptions, Appeals, Grievances and Reasonable Accommodations](#).

4. Application Review – Applicant Qualification will be verified based on the following standards:

A. Completeness:

- i. Applications must be fully complete and include all required documentation and fees.
- ii. Accuracy and Consistency: Information provided in the Application must be accurate and consistent across all submitted documents.

- iii. Missing or conflicting information or documents will be noted, and Applicants may be granted a specified timeline to remedy the missing or conflicting materials per SHA Staff discretion.

B. Timeliness of Submission:

- i. Applications must be submitted by the specified deadline. Late applications will not be accepted.

C. Verification of Income Level:

- i. Income verification will be conducted according to [Section 104: Household Income Verification](#).
- ii. Income Verification of Applicant Household will be completed by SHA or its assign:
 - a. Upon submission of an Application for the Waitlist; and
 - b. Within thirty (30) days prior to closing on the purchase of a housing unit if applicable to Applicant.

5. Notification of Application Status: Applicants will be notified of the status of the Application, either accepted or denied per the following procedures, a minimum of fourteen (14) calendar days prior to the SHA Regular Meeting in which the [Waitlist Drawing](#) will occur.

A. Application Receipt Procedure –

- i. If SHA Staff receives applications in the form, manner, and time in which SHA is accepting applications to the Anvil Townhome Ownership Program, SHA Staff will notify the Applicant of the received status of the Application and their assigned Applicant ID Number.

B. Acceptance Procedure – If Applications meet the [Qualification Standards and Application Criteria of Section 303.2](#) and [Section 303.6.2](#):

- i. Applicants will be notified of acceptance to the Waitlist Drawing via an email to the email address provided in their Application and will include their assigned Applicant ID Number and the number of entries they are assigned for the Waitlist Drawing.
- ii. Applicants will have the right to Appeal the number of Waitlist Drawing entries they are awarded and will be provided information concerning [Section 109.3 Appeal Procedure](#).

C. Denial Procedure –

- i. Applicants will be notified of denial to the Waitlist Drawing, also referred to as disqualification, via an email to the email address

provided in their Application and will include the reason(s) for denial and their assigned Applicant ID Number.

- ii. Applicants will have the right to Appeal the decision and will be provided information concerning the [Section 109.3: Appeal Procedure](#).
- iii. SHA's exercising of the Denial Procedure due to findings of Applicant ineligibility will not violate the rights of persons with Disabilities. If an applicant claims that their failure to respond to a request for information or updates was caused by a Disability, SHA Staff will verify that there is in fact a Disability and the Disability caused the failure to respond, and may provide a [Reasonable Accommodation](#) per [Section 109.6](#).
- iv. At the discretion of SHA Staff in determining each Waitlist Drawing schedule, SHA Staff may institute a Remedy Period for Applicants to remedy any errors in the Application to be reconsidered for acceptance to the Waitlist Drawing. If the identified errors are not remedied within the period determined by SHA Staff, the Application will remain denied.

6. Additional Provisions:

- A. Any material misstatement of fact or deliberate fraud by a member of an Applicant Household in connection with any information submitted to SHA shall be cause for immediate expulsion from the Application process and Program and/or forced Sale or vacation of the Housing Unit. In addition, any material misstatement of fact or deliberate fraud by the Applicant Household shall be referred to prosecution for perjury.
- B. **Conflict of Interest** – The Anvil Townhome Ownership Program is subject to [Section 111.8 Conflict of Interest](#).
- C. **Fraud Warning** – The Anvil Townhome Ownership Program is subject to the provisions of [Section 101.10](#).
- D. **DISCLAIMER**- The provisions of [Section 101.8](#) apply to the Anvil Townhome Ownership Program.

Section 304: WAITLIST CREATION AND MANAGEMENT PROCEDURE

304.1 Definitions:

- 1. **Waitlist** - The order in which Applicants are ranked to be considered for the opportunity to purchase a housing unit.
 - a. **DISCLAIMER:** Admission to the Waitlist does not constitute an official offer, nor does it create any right or expectation that the Applicant will

be eligible to purchase a Housing Unit. Placement on the Waitlist is solely for the purpose of determining potential future consideration and does not guarantee that the Applicant will be offered the opportunity to purchase a Unit. All offers to purchase are subject to availability, eligibility requirements, and compliance with applicable laws, policies, and procedures. Inclusion on the Waitlist is not a commitment by the Housing Authority to provide or offer housing.

2. **Waitlist Drawing** – Applications will be randomly selected according to the procedure in Section 105: Waitlist Drawing Procedure, to determine the order of Applicant placement on the Waitlist.
3. **Applicant List** – An official list of the status of Applicants by their Applicant ID Number duly noticed in the Waitlist Application Drawing Public Notice.

304.2 Waitlist Management

1. **The Waitlist shall be maintained according to the following:**
 - A. The Waitlist shall be of public record of the Silverton Housing Authority;
 - B. Applications shall be permanent files;
 - C. All communication between SHA Staff and Applicants shall be documented in the Applicant file;
 - D. All Applications will be maintained in the order of the Waitlist.
2. **Waitlist Implementation and Termination** - When the Property appears to be within ninety (90) days of the desired closing date, SHA Staff will contact and direct the Applicant in the first position of the Waitlist to complete the Buyer Approval Process.
 - A. **Buyer Approval Process:**
 - i. Completion of the Income Verification process of [Section 104](#), if it has not been completed within the past thirty (30) days, to confirm or deny Income Qualification for the Unit.
 - ii. Obtaining a Pre-Approval letter from mortgage lender if applicable or showing proof of available funds to purchase the property.
 - iii. If an Applicant passes the Income Verification Process and mortgage Pre-approval / proof of funds for the Unit, the Applicant will formally be offered the Property for purchase. If Applicant does not pass the Income Verification Process or mortgage pre-approval / proof of funds, the Applicant will be removed from the Waitlist and the next Applicant on the Waitlist will begin the Buyer Approval Process.
 - iv. Reasonable Accommodation: Applicants may request a Reasonable Accommodation in accordance with the Americans with Disabilities Act

if they require modifications to the Buyer Approval Process. Requests for accommodation must be submitted to the Silverton Housing Authority Staff upon initiation of the Buyer Approval Process and according to [Section 109.2 Reasonable Accommodations](#), to review and determine accommodation.

- B. **Waitlist Termination** - Upon Sale of the Property, the Waitlist will be terminated and the remaining Applicants on the Waitlist will be notified of such termination. The Waitlist for the Anvil Townhome Ownership Program is non-transferable to other SHA Housing Programs.

Section 305: OWNERSHIP, USE, AND OCCUPANCY

305.1 Continuing Qualification (“Ownership”) Standards - Owners of the Property must continuously adhere to the following Continuing Qualification Standards and the provisions of [Section 106](#) and of the Affordability Covenant for the entire duration of their ownership. Failure to meet these standards may result in enforcement actions, including but not limited to corrective measures, financial penalties, or other remedies as permitted by these Guidelines and Affordability Covenants.

1. **Primary Residence Standard** - The Unit must be used as the sole and exclusive place of residence for the Owner for at least eight (8) of every twelve (12) months on a rolling twelve (12) month basis. Under circumstances outlined in the Unit’s Affordability Covenants and [Section 106.1 and 106.2 Rental Procedure](#), the Primary Residence Standard may be fulfilled by a Qualified Tenant(s) if SHA authorizes permission to rent.
 - A. **Leave of Absence** – Owners who will not occupy their Housing Unit for any period in excess of four (4) months must apply for a Leave of Absence according to [Section 106.1 A.1](#).
 - B. **Rental Procedure** – The rental of any Unit is strictly regulated by [Section 106.2 Rental Procedures](#), of these Guidelines. All rental activity must comply with the requirements and procedures set forth therein, including, but not limited to, obtaining prior written approval from the Silverton Housing Authority or its assigns, adhering to [Maximum Rental Rate](#) limits, and ensuring the Unit is occupied by a [Qualified Tenant](#) as defined in these Guidelines. Failure to comply with [Section 106.2](#) may result in penalties, including but not limited to, fines, revocation of rental privileges, or other enforcement actions as determined by SHA or its assigns.
2. **Prohibition of Short-Term Rentals** – The [Short-Term Rental](#), or the advertising of a Short-Term Rental, of all or any portion of the Property is prohibited.

305.2 Compliance Monitoring – To verify compliance with the Affordability Covenants and these Guidelines, SHA or its assigns may conduct Compliance Checks and Annual Recertifications.

1. **Compliance Checks:** SHA or its assigns may conduct Compliance Checks at any time to investigate complaints, reports, or indications of non-compliance with these Guidelines or Affordability Covenants.
 - A. Households must submit all necessary paperwork to verify that they remain in compliance with the Guidelines and Affordability Covenants within twenty-one (21) days of written notice of a Compliance Check or a penalty will be assessed according to [Appendix D](#). It shall be the burden of the Household to provide all required information for compliance, and any missing or incomplete information or documentation or information that cannot be verified, shall be construed against the Household and may be grounds for the finding of non-compliance.
2. **Annual Recertification:** Owners are subject to an annual recertification under oath by the Owner to SHA or its assigns stating the Owner has maintained the standards in accordance with these Guidelines and the Affordability Covenants.
 - A. Households must submit all necessary paperwork to verify that they remain in compliance with the Guidelines and Affordability Covenants within twenty-one (21) days of written notice of an Annual Recertification or a penalty will be assessed according to [Appendix D](#). It shall be the burden of the Household to provide all required information for compliance, and any missing or incomplete information or documentation or information that cannot be verified shall be construed against the Household and may be grounds for the finding of non-compliance.

305.3 Default by Owner - Owner shall be responsible for compliance with all terms of these Guidelines and Covenants. Any non-compliance with the terms of the Covenants or Guidelines or breach of any provision(s) set forth in the Covenants / Guidelines, including non-compliance of use and occupancy of the Property shall be deemed to be a Default by Owner, whether such non-compliance is a result of direct actions of the Owner of such non-compliance occurs during ownership and shall be enforced by the terms of the Affordability Covenants.

Section 306: SALE AND RESALE PROCEDURE

306.1 The Sale and Resale of the Anvil Townhome Units shall be governed by [Section 107: Initial Sale and Resale of Units](#) according to the [Initial Qualification Standards and Process of the Anvil Townhomes Ownership Program](#).

306.2 In the event the Property is sold and/or conveyed without compliance with the Affordability Covenants or herewith, such sale and/or conveyance shall be wholly null and void and shall confer no title whatsoever upon the purported buyer.

EXHIBIT A: LEGAL DESCRIPTIONS

Tract I

All of ANVIL MOUNTAIN SIMPLE SUBDIVISION 1, according to the plat thereof filed for record August 25, 2025 as Reception No. 156089.

Tract II

All of ANVIL MOUNTAIN SIMPLE SUBDIVISION 2, according to the plat thereof filed for record August 25, 2025 as Reception No. 156090.

After recording, return to:
Silverton Housing Authority
P.O. Box 250
Silverton, CO 81433

**DECLARATION OF AFFORDABILITY COVENANTS
ANVIL TOWNHOMES**

THIS Declaration of Affordability Covenants (“Declaration”) is made by and between ANVIL TOWNHOMES LLC (together with their heirs, successors and assigns, “Owner”), the SILVERTON HOUSING AUTHORITY, a body corporate and politic (together with its successors and assigns (“Program Manager”), and SAN JUAN COUNTY, COLORADO (“the County”) as of this [____], 202[____] (“Effective Date”).

RECITALS

WHEREAS, the Program Manager is a body corporate and politic of the State of Colorado organized for a particular purpose, including providing ownership opportunities for low- and moderate-income people; and

WHEREAS, the Program Manager operates a program to preserve affordable ownership opportunities through the stewardship of homes whose owners, at the time of purchase, have agreed to accept title subject to certain covenants, conditions, and restrictions in exchange for a reduced or subsidized purchase price (“Program”); and

WHEREAS, the purpose of this Declaration is to include the real property and improvements located at [ADDRESS] and legally described on Exhibit A (“Home”) in the Program. Consistent with the Program, the Declaration includes terms that affect the use and resale price of the Home and are designed to ensure the Home continues to be affordable to low- and moderate-income households over an extended period and through a succession of owners and that limit the proceeds the Owner may receive from a sale of the Home; and

WHEREAS, on or about May 24, 2017, San Juan County executed the Restrictive Covenants Anvil Mountain Subdivision Silverton, San Juan County, Colorado (the “2017 Restrictive Covenants”) which placed restrictions on the properties in the Anvil Mountain Subdivision; and

WHEREAS, the 2017 Restrictive Covenants shall remain in full force and effect, but to the extent this Declaration conflicts with any previously recorded restrictions of the 2017 Restrictive Covenants, this Declaration shall prevail; and

WHEREAS, on or about August 13, 2020, San Juan County executed the San Juan County Use Covenant and Regulatory Agreement, Anvil Mountain Subdivision, San Juan County, Colorado (the “2020 Deed Restriction”) which placed further restrictions on the properties in Anvil Mountain Subdivision. The 2020 Deed Restriction was recorded in the San Juan County Clerk and Recording office as Reception No. 152950; and

WHEREAS, the Housing Authority of the Town of Silverton and San Juan County intend for this Declaration to replace and supersede, in its entirety, the 2020 Deed Restriction.

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants set forth herein, the Owner, Program Manager, and County agree to create, declare, represent, restrict and covenant as follows:

ARTICLE 1
SUBMISSION OF REAL ESTATE; DEFINED TERMS

1.1. 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 Program Manager. The Program Manager may enforce this Declaration.

1.2. Excess Proceeds.

a. The Owner recognizes that it would be contrary to the purposes of this Declaration if the Owner could receive more than the Maximum Resale Price as the result of an eminent domain proceeding, foreclosure, or other transfer of the Home. It would also be contrary to the purposes of this Declaration if the Owner could receive financial benefit by violating Section 2.3. Therefore, the Owner irrevocably assigns to Program Manager all net proceeds of any sale, eminent domain proceeding, foreclosure, lease, refinancing, or other transfer of the Home that would otherwise have been payable to the Owner after satisfaction of all Permitted Mortgages and that exceed the amount of proceeds that the Owner would have received if the property had been sold only for the Maximum Resale Price, [leased only in accordance with Section 8.2,] refinanced only in accordance with ARTICLE 7, or used only in accordance with Section 2.3 (“Excess Proceeds”). The Program Mortgage will secure the payment of any Excess Proceeds. Any party conducting any sale or eminent domain proceeding, foreclosure, refinancing, or other transfer, shall pay Excess Proceeds directly to Program Manager. If Excess Proceeds are paid to Owner, Owner shall promptly pay such amount to Program Manager.

b. In addition to the lien of the Program Mortgage, the Program Manager shall have, and the Owner hereby grants and consents to, a lien upon the Home for any Excess Proceeds. Such lien shall be prior to all other liens and encumbrances on the Home except (i) liens and encumbrances recorded before the recording of this Declaration, (ii) Permitted Mortgages; and (iii) liens for real property taxes and other governmental assessments or charges against the Home. For the avoidance of doubt, Owner’s assignment to Program Manager of Excess Proceeds in Section 1.3(a), and the Program Manager’s right to enforce collection of Excess Proceeds through foreclosure of its lien under the Program Mortgage and this Section 1.3(b), is subordinate in all respects to the lien of any Permitted Mortgage.

1.3. Term. This Declaration shall remain in effect in perpetuity after the Effective Date (“Term”), unless terminated earlier by any of the following:

a. foreclosure of a Permitted Mortgage and expiration of the Program Manager’s Purchase Option.

1.4. Covenants Run with the Land. The Owner intends, declares, and covenants: (a) that this Declaration, including all restrictions, rights, and covenants contained in this Declaration, are covenants running with the land, encumbering the Home for the Term, and bind 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 Program Manager and its successors and assigns for the Term. Because the Declaration runs with the land, it will encumber the Home for the Term and bind the Owner's successors in title and assigns regardless of whether successors in title and assigns agree in writing to be bound by the Declaration or execute a new Declaration at the time of sale.

1.5. State and Local Laws. The Home is subject to the Code and the Program Guidelines, including any amendments thereto if the amendments do not have a materially adverse effect on the interests of the Owner.

1.6. Defined Terms. The following terms are defined as follows:

a. "Appraisal": A fair market valuation of the Home performed by a licensed appraiser, conducted by analysis and comparison of comparable properties, disregarding all the restrictions of this Declaration.

b. "Capital Improvements": Any improvements that change the number of bedrooms or the footprint, square-footage, or height of the house, or increase or decrease the number of structures on the Property, or any other improvement the cost of which would exceed \$5,000.

c. "Capital Improvements Credit": A monetary credit for the value added by Capital Improvements.

d. "Default": Any violation of the terms of this Declaration or the Program Mortgage unless the violation has been cured.

e. "Election Period": 90 days after the Program Manager receives the Notice of Offer.

f. "Eligible Buyer": A person or household:

i. (i) whose household gross income does not exceed [80/100/140%] % of the median household income for San Juan County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development ("HUD") or any successor ("AMI Eligibility Threshold");

ii. who has completed a homeownership counseling program certified by HUD approved by Program Manager.

g. "Foreclosure Action": A foreclosure sale, a deed in lieu of foreclosure, or any other right or remedy exercised by a Mortgagee that results in the Owner no longer having title to the Home.

h. "Increase in Market Value of the Home": The fair market value of the Home as

determined by the Appraisal minus the Initial Market Value.

i. “Ineligible Buyer”: A person or household, or a person and his or her spouse, not meeting the requirements of an Eligible Buyer.

j. “Intent-to-Sell Notice”: The Owner’s notification to the Program Manager that the Owner wishes to sell the Home.

k. “Maximum Resale Price”: The maximum price for which the Owner can sell the Home.

l. “Mortgagee”: The holder of any mortgage, deed of trust, or other encumbrance on the Home.

m. “Notice of Exercise of Option”: A notice from the Program Manager to the Owner and any Permitted Mortgagee informing the Owner and Permitted Mortgagee that the Program Manager intends to exercise its Purchase Option.

n. “Notice of Intent to Purchase”: A notice from the Program Manager to the Owner informing the Owner of the Program Manager’s intent to exercise the Program Manager’s right of first refusal to purchase the Home.

o. “Option Trigger Event”: Any of the following events:

- i. the Program Manager’s receipt of an Intent-to-Sell Notice;
- ii. the Program Manager’s receipt of notice of a Foreclosure Action;
- iii. any sale or transfer resulting from a Foreclosure Action; or
- iv. a Default by the Owner.

p. “Original Purchase Price”: The total price paid for the Home by the Owner.

q. “Permitted Mortgage”: A loan secured by a security interest in the Home, for which the Owner has obtained the written permission of the Program Manager, together with any later modifications.

r. “Permitted Mortgagee”: The lender shown on the security instrument securing a Permitted Mortgage, its assignees, and the owner of such Permitted Mortgage.

s. “Program Mortgage”: The deed of trust executed by the Owner in favor of the Program Manager, dated and recorded the same date as this Declaration, to secure the Owner’s monetary and non-monetary obligations under this Declaration.

t. “Purchase Option”: The Program Manager’s option to purchase the Home at the Maximum Resale Price.

u. “Resale Fee”: The fee that the Owner pays to the Program Manager upon resale

of the Home to compensate the Program Manager for performing certain of its obligations under this Declaration.

v. “Unpaid Amounts”: Any amounts, including any interest, due under this Declaration to Program Manager that remain unpaid when the Home is sold.

ARTICLE 2 USE OF HOME

2.1. Primary Residence. The Owner shall use the Home as Owner’s principal place of residence and occupy the Home for at least eight months of each year. 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 laws.

2.2. Use. The Owner must use the Home in a way that will not cause harm to others or create any public nuisance and must maintain the Home in good working order, in a safe, sound, and habitable condition, and in full compliance with all laws and regulations. The Owner shall comply, and cause the Home and all occupants to comply, with all declarations, easements, Permitted Mortgages, and other documentation recorded against the Home. If the requirements of any recorded documents are inconsistent with the requirements of this Declaration, the Owner shall comply, and shall cause the Home and all occupants to comply, with the stricter requirement.

2.3. Lease, Sale, Transfer, Encumbrance. The Owner shall not grant, sell, assign, convey, or transfer any interest in the Home, including a fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate, limited estate, leasehold estate, tenancy, easement, mortgage, deed, lien, security interest, or other encumbrance except in accordance with this Declaration.

2.4. Short Term Rentals. Any rental of a residential dwelling unit or any room therein for lease for a term of less than six (6) consecutive months is strictly prohibited and shall result in a default pursuant to Section 9.2 herein.

ARTICLE 3 ROLE OF PROGRAM MANAGER

3.1. Annual Meetings. The Program Manager may conduct annual meetings with the Owner in the offices of the Program Manager or in the Home or some other mutually convenient location (or via mutually convenient electronic means) to obtain occupancy certifications, confirm insurance renewals, collect proof that taxes and assessments have been paid, and address any other Program requirements. The Owner shall cooperate with the Program Manager in scheduling and attending these meetings and provide Program Manager with the requested information. The Program Manager 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.

3.2. Inspections. The Program Manager or its agent may inspect any exterior part of the Home at any reasonable time after notifying the Owner at least 5 days before the inspection. In

addition, if the Program Manager has received an Intent-to-Sell Notice, then the Program Manager or its agent may inspect the interior and exterior of the Home to determine its condition prior to the sale. The Owner shall cooperate with the Program Manager's efforts to schedule and conduct the inspection, and if negative property conditions are identified, the Program Manager or its agent has the right to re-inspect the Home until they are resolved.

3.3. Escrow. If a Permitted Mortgagee declines to escrow funds from the Owner for taxes, assessments, and insurance, the Program Manager may escrow these funds, and the Owner shall cooperate with the Program Manager in setting up the escrow.

3.4. Capital Improvements. If the Owner wishes to make Capital Improvements, the Program Manager will work with the Owner as provided in ARTICLE 5.

3.5. Financings or Transfers. If the Owner wishes to finance or otherwise transfer the Home, the Program Manager will work with the Owner as provided in ARTICLE 7 or ARTICLE 8.

3.6. Successors and Assigns. The Program Manager may designate a successor or assign to its rights and obligations under this Declaration if such successor or assign is a governmental body, governmental agency, or non-profit entity with a charitable purpose consistent with the Program. For clarity, the Program Manager may contract with a for-profit person or entity to assist Program Manager in running the Program, but the Program Manager itself cannot be a for-profit person or entity.

3.7. Nonliability of Program Manager. The relationship between Owner and Program Manager is solely that of an Owner and a program administrator. The Program Manager has no responsibility or duty to the Owner to select, review, inspect, supervise, pass judgment on, or inform the Owner of the quality, adequacy, or suitability of the Home or any other matter. The Program Manager 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. Instead, the Owner has made his or her own investigation of these matters and hired home inspectors and other professionals to assist this investigation to the extent the Owner deemed necessary. Neither Owner nor Owner's heirs, successors, or assigns may ever claim, have, or assert any right or action against the Program Manager for any loss, damage, or other matter arising out of or resulting from any condition of the Home and will hold the Program Manager harmless from any liability, loss, or damage for these things.

ARTICLE 4

DECLARATION FEES; TAXES AND ASSESSMENTS

4.1. Resale Fee. To compensate the Program Manager for performing its obligations under this Declaration, the Owner shall pay to the Program Manager upon a resale of the Home a Resale Fee of 1.5% of the gross sale price of the Home. The Owner's obligation to pay Program Manager any amounts under this Declaration is 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 Program Manager shall execute other documents for a Permitted Mortgagee to prioritize payment of the amounts owed to it, and they will not execute any document that contradicts such priority.

4.2. Taxes and Assessments. The Owner shall pay when due all taxes and governmental and Owner association assessments unless taxes and assessments are escrowed and paid by a Permitted Mortgagee, in which case the Permitted Mortgagee will direct payment.

4.3. Program Manager May Pay Taxes. If the Owner or its Permitted Mortgagee fails to pay the taxes or assessments, the Program Manager may pay such taxes or assessments on the Owner's behalf at the sole and absolute discretion of the Program Manager. The Owner shall reimburse the Program Manager for any amounts paid by the Program Manager to cover taxes or assessments promptly upon demand by the Program Manager.

4.4. Interest. If the Program Manager has not received any amounts due under this Declaration on or before the due date, the Program Manager may require the Owner to pay interest on the unpaid amount from the due date through and including the date when payment is received at a rate not to exceed 10% per annum. Such interest is an additional Program Fee, and the Owner shall pay it to the Program Manager upon demand and shall be in addition to any other remedies the Program Manager is entitled to hereunder or at law.

ARTICLE 5 IMPROVEMENTS TO THE HOME

5.1. Home Improvements. The Owner shall not make any Capital Improvements to the Home without the prior written consent of the Program Manager, which the Program Manager may withhold in its discretion. The Owner may make other improvements to the Home without the consent of the Program Manager if such improvements are constructed in a professional manner and all applicable laws and regulations. This Section 5.1 does not apply if the Home is damaged or destroyed following a casualty.

5.2. Consent from Program Manager. For any proposed Capital Improvements, the Owner shall submit a written request to the Program Manager. The Program Manager may request information from the Owner, including drawings, a list of materials, and the name of the proposed contractors. If the Owner would like to receive Capital Improvements Credit, the Owner must include a statement requesting the Program Manager to permit such a credit. The Program Manager shall inform the Owner of its decision to grant or withhold consent to the proposed Capital Improvements, as well as its decision to grant or withhold consent to any requested Capital Improvements Credit. If the Program Manager consents to a requested Capital Improvements Credit, the Program Manager shall also inform the Owner of the value attributed to the Capital Improvements or the method to determine their 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.

5.3. Building Permits and Inspections. Before commencing construction of any Capital Improvements, the Owner shall provide the Program Manager with copies of all necessary building permits. The Program Manager may inspect the Capital Improvements while under construction and after completion to confirm consistency with the information presented in Section 5.2, and may adjust the Capital Improvements Credit to account for any inconsistency. Any inspection and identification of inconsistencies by the Program Manager are only for the Program Manager's benefit.

5.4. Liens. The Owner shall not permit any statutory or similar lien to be filed against the Home which remains more than thirty days. The Owner shall take action to discharge a lien, whether by payment, deposit, bond, court order, or other means permitted by law. If the Owner fails to discharge the lien within the thirty-day period, then the Owner shall immediately notify the Program Manager. The Program Manager shall have the right to discharge the lien. The Owner may, at Owner's expense, contest the validity of the lien if the Owner has furnished a bond or other acceptable surety in an amount sufficient to release the Home from the lien. The Owner shall reimburse the Program Manager for any amounts paid by the Program Manager upon the Program Manager's written demand.

ARTICLE 6

INSURANCE, DAMAGE OR DESTRUCTION, TAKING FOR PUBLIC USE

6.1. Insurance. The Owner shall, at the Owner's expense, keep the Home continuously insured against physical loss with a coverage limit equal to the estimated full replacement cost of the Home. The insurance policy must satisfy all requirements of the Program Mortgage and any Permitted Mortgage. The Owner shall deliver certificates of insurance to Program Manager prior to the purchase of the Home and upon the Program Manager's request thereafter. Whenever the Permitted Mortgagee has the capability of escrowing funds from the Owner for the payment of insurance premiums, the Owner shall establish such an escrow.

6.2. Damage or Destruction. If a fire or other damage occurs to the Home, the Owner shall take all steps necessary to repair the damage and restore the Home to its condition prior to the damage. The Owner shall complete all repairs and restoration as promptly as possible. The Owner shall also promptly take all steps necessary to assure that the damaged Home does not constitute a danger to persons or property. The Owner's obligations 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, obtain additional funds (in the case of insufficient insurance proceeds) or, if permitted by the terms of the policy and the terms of any Permitted Mortgage, retain excess funds (in the case of excess insurance proceeds). If repair and restoration are not feasible, the Owner shall provide reasonably acceptable documentation to the Program Manager, and in such case the Owner will be excused from repairing and restoring the Home. However, the Owner shall use available insurance proceeds to pay off any Permitted Mortgage and any other lien on the Home. In any event, if the terms of a Permitted Mortgage conflict with this Section 6.2, the terms of the Permitted Mortgage will control.

6.3. Condemnation.

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 shall terminate as of the date when Owner is required to give up possession of the Home. However, the Owner shall pay any Excess Proceeds arising from eminent domain or other public use proceedings to the Program Manager.

b. If a taking of a portion of the Home results in damage to the Home that can reasonably be restored to a residential use, then this Declaration will remain in full force and

effect, and the damage shall be treated as damage is treated in Section 6.2.

ARTICLE 7 FINANCING

7.1. Mortgages.

a. The Owner may only grant a lien or security interest, including a deed of trust on the Home (either at the time of purchase of the Home or after purchasing the Home to refinance an existing Permitted Mortgage or to finance home repairs) or encumber the Home in any other way after obtaining the written permission of the Program Manager. Any Permitted Mortgage or other lien, security interest, or other encumbrance will be subject to this Declaration.

b. The Program Manager will not permit a loan if the loan increases the Owner's total mortgage debt to an amount greater than 95% of the then-current Maximum Resale Price, 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 Program Manager.

c. The Program Manager may require the Owner to submit, in writing, certain information about the proposed terms and conditions of the loan at least thirty days prior to the expected closing of the loan.

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

7.3. Remedies by Mortgagees.

a. If any Mortgagee conducts a Foreclosure Action, this Declaration 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 Purchase Option. If the Program Manager exercises the Purchase Option, completes purchase of the Home, and satisfies the amounts owed under the Permitted Mortgage, this Declaration will continue in full force and effect. If the Program Manager fails to exercise the Purchase Option, or exercises the Purchase Option but fails to complete the purchase within the ninety-day period, or fails to satisfy the amounts owed under the Permitted Mortgage, then this Declaration will terminate and be of no further force and effect, and the Program Manager 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, this Declaration will apply to the transfer of the Home resulting from the Foreclosure Action, and all other provisions of this Declaration will continue to encumber the Home and will bind the grantee receiving the Home by virtue of the Foreclosure Action.

b. The Owner authorizes any Mortgagee to provide the Program Manager with any information requested by the Program Manager with respect to the obligations secured by a

Mortgage, including 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. Nothing in this Declaration constitutes a promise or guarantee by the Program Manager that the Mortgagee will actually receive the amount to satisfy its Mortgage, the Maximum Resale Price, or any other price for the Home, or impairs the rights and remedies of the Mortgagee in the event of a deficiency.

ARTICLE 8 TRANSFERS

8.1. Transfers Generally. The Owner may transfer the Home only as permitted by this ARTICLE 8 (and, in the event of a Foreclosure Action, Section 7.4). Any purported transfer that does not follow the procedures below (or in the event of a Foreclosure Action, the procedures of Section 7.4) will be null and void.

8.2. Leasing. The 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 Program Manager. The Program Manager may withhold such consent to further the purposes of this Declaration. For any lease proposed by the Owner:

a. the lease must be in writing with a proposed form approved by the Program Manager in advance;

b. the lease term cannot be shorter than six months;

c. the lease must subject to the terms of this Declaration;

d. the tenant must satisfy current income requirements for Eligible Buyers;

e. the rent may not exceed the amount necessary to cover Owner's obligations to any Permitted Mortgagee, along with payment of taxes, assessments, and insurance, or the maximum permitted rent as determined by the Program Manager, whichever is less.

f. the Owner shall provide a fully executed copy of the lease to Program Manager promptly after execution.

8.3. Relatives.

a. Subject to the requirements of subsection (b) below, and if the Owner has obtained the written permission of any Permitted Mortgagee, the Owner may transfer the Home, or an interest in the Home, without monetary consideration, as follows:

i. to the spouse of the Owner who, by virtue of the transfer, becomes a co-owner of the Home with the Owner;

ii. to the child or children of the Owner if such child or children qualify as Eligible Buyers;

iii. between spouses as part of a marriage dissolution proceeding; or

iv. by the Owner into an inter vivos trust in which the Owner is the beneficiary.

b. Before proceeding with a transfer under this Section 8.3, the Owner shall give the Program Manager at least thirty-days' prior written notice, promptly provide the Program Manager with documentation requested by the Program Manager, and obtain the Program Manager's written confirmation that the transfer qualifies as a permitted transfer under subsection (a).

c. Any transferee permitted under this Section 8.3 will take title subject to this Declaration and shall execute and record such documents as the Program Manager may require.

8.4. Heirs.

a. If the Owner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of the Owner's estate shall notify the Program Manager within ninety days after the date of the death. Upon receiving notice, the Program Manager shall consent to a transfer of the Home to one or more of:

i. the Owner's spouse;

ii. the Owner's child or children; or

iii. members of the Owner's household who have resided in the Home for at least one year immediately prior to Owner's death.

b. Any other heirs, legatees, or devisees of the Owner must demonstrate to Program Manager's satisfaction that they are an Eligible Buyer. If they cannot, they shall not be entitled to possession of the Home but must transfer the Home according to Section 8.5.

c. Any transferee permitted under this Section 8.4 will take title subject to this Declaration and shall execute and record such documents as the Program Manager may require.

8.5. Buyers. If the Owner wishes to sell the Home, the Owner shall deliver an Intent-to-Sell Notice to the Program Manager. Upon delivery of the Intent-to-Sell Notice, the Program Manager shall have one-hundred-and-twenty (120) days to either (i) sell the Home to an Eligible Buyer identified according to the Program Guidelines; or (ii) exercise its Purchase Option.

a. If the Purchase Option has expired, or if the Program Manager or its assignee has failed to complete the purchase within the one-hundred-and-twenty-day (120) period, the Owner may sell the Home to any Eligible Buyer for not more than the then-applicable Maximum Resale Price.

b. Resale Fee. The Owner shall pay a Resale Fee to compensate Program Manager for carrying out its responsibilities for the transaction. The amount of the Resale Fee will be 1.5% of the gross sale price.

c. Ineligible Buyers. If the Owner has made diligent efforts to sell the Home for at least six months after the expiration of the Purchase Option, and the Home still has not been sold, the Owner may then sell the Home for the Maximum Resale Price to an Ineligible Buyer. However, any sale to an Ineligible Buyer is subject to all rights and restrictions contained in this Declaration, and if more than one Ineligible Buyer is ready, willing, and able to purchase the Home, the Owner will give preference to any person or groups of persons identified by the Program Manager as an appropriate household size for the Home earning less than [80/100]% of the AMI Eligibility Threshold.

d. Program Manager's Power of Attorney. 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 after the expiration of the Purchase Option and the Home still has not sold, the Owner hereby appoints the Program Manager 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 sale proceeds first to satisfy Permitted Mortgages in order of priority, second to pay the Program Manager's costs of sale and any other sums owed the Program Manager by the Owner, and third to pay Owner the remaining proceeds of sale, minus amounts owed to any other secured lien holders.

8.6. Program Manager's Purchase Option.

a. Upon an Option Trigger Event, the Program Manager may purchase the Home at the Maximum Resale Price. When a Foreclosure Action constitutes an Option Trigger Event, the amount of total obligations owed to the Permitted Mortgagee will be calculated as of the date the sale to the Program Manager closes, and no Option Trigger Event occurring after a sale or transfer resulting from a Foreclosure Action will trigger an additional Purchase Option. In the case of a Foreclosure Action where the total obligations secured by the Permitted Mortgage exceed the Maximum Resale Price, the purchase price will be the amount of total obligations under the Permitted Mortgage.

b. If the Program Manager purchases the Home, the Program Manager shall exercise the Purchase Option by delivering a Notice of Exercise of Option within sixty days after the Option Trigger Event, or the Purchase Option will expire with respect to such Option Trigger Event. After giving the Notice of Exercise of Option, the Program Manager may either purchase the Home or may assign the Purchase Option to an Eligible Buyer.

c. The purchase must be completed within ninety days after the Notice of Exercise of Option, or the Purchase Option will expire with respect to such Option Trigger Event. Except as provided in Section 7.4 and 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 Program Manager or its assignee and the Owner and, if applicable, the Mortgagee undertaking the Foreclosure Action.

8.7. Right of First Refusal. The Program Manager may give notice to the Owner and any Permitted Mortgagee that the Program Manager has decided to replace the Purchase Option with this Section 8.7, in which case the Program Manager will have a right of first refusal to purchase the Home at the highest documented bona fide third-party offer as follows:

a. If the Owner receives a bona fide third-party offer to purchase the Home that the Owner is willing to accept, the Owner shall give a Notice of Offer to the Program Manager that includes: (i) the name and address of the prospective purchaser; (ii) the purchase price offered; and (iii) all other terms and conditions of sale. The Program Manager may share such information with the County, and the Program Manager must exercise its right of first refusal within the Election Period by giving the Owner a Notice of Intent to Purchase for the same price and on the same terms as the Notice Offer. However, the purchase price may not exceed the Maximum Resale Price.

b. If the Program Manager exercises the right to purchase the Home, the purchase must be completed within sixty days after the Program Manager gives the Notice of Intent to Purchase.

c. If the Program Manager fails to exercise the right of first refusal within the Election Period, and subject to all other restrictions in the Declaration, the Owner may sell the Home with the transaction described in the Notice of Offer within six months after the Election Period expires but only on terms that are not materially more favorable to the purchaser than those terms described in the Notice of Offer. If the sale is not consummated the six-month period, the Owner's right sell will expire, and this Section 8.7 will apply to any future offer.

d. Any sale or transfer that violates this Section 8.7 will be null and void.

8.8. Maximum Resale Price. Except as permitted in a Foreclosure Action, the Home cannot be sold for a price that exceeds the Maximum Resale Price. The "Maximum Resale Price" equals:

a. the Original Purchase Price plus an annual increase of one percent of the Original Purchase Price compounded annually, plus the Capital Improvements Credit.

8.9. Repairs and Transfer Procedures. The following procedures shall apply to all transfers of the Home pursuant to Sections 8.5 and 8.6. The Owner shall make necessary repairs when he or she transfers the Home as follows:

a. The Owner shall provide in the sales contract with the buyer, through incorporation of Program Manager's current Purchase Agreement Addendum into the sales contract as an exhibit or otherwise, that the buyer shall hire at his or her sole expense an inspector with a current home inspector license to assess the condition of the Home and prepare a written report of the condition ("Inspection Report").

b. The Owner shall provide in the sales contract that the buyer shall provide a copy of the Inspection Report to the Owner and Program Manager within ten days after receiving the Inspection Report.

c. The Owner shall repair specific reported defects or conditions necessary, in the

reasonable discretion of the Program Manager, to bring the Home into full compliance with Sections 2.2 and 3.2 before transferring the Home.

d. The Owner shall bear the full cost of the necessary repairs and replacements. However, upon Owner's written request, the Program Manager may allow the Owner to pay all or a portion of the repair costs after transfer from the Owner's proceeds of sale if the Owner cannot afford to pay such costs prior to the transfer. If the repairs are postponed until after the transfer, either 150% of the unpaid estimated cost of repairs or 100% of the unpaid cost of completed repairs must be withheld from the Owner's proceeds of sale in an escrow account. The Program Manager shall pay documented and verified costs of repair from such account and return any remaining funds to Owner upon completion and full payment of such costs.

e. The Owner shall allow Program Manager, buyer, buyer's inspector, and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.

f. Upon sale or other transfer, the Owner shall either (A) transfer the Home with all originally purchased appliances or replacements in the Home in good working order; or (B) provide the buyer with cash at closing sufficient to purchase comparable new appliances.

g. Deed, Declaration, and Program Mortgage. The Home shall be conveyed by the Owner by special warranty deed conveying marketable title to the Home free from all encumbrances except:

- i. taxes for the then current year as are not due and payable;
- 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 Program Manager to administer the Program, executed by the transferee and recorded immediately after the conveyance deed, and
- v. a new Program Mortgage in the form then in use by Program Manager to administer the Program.

h. Sales Proceeds. The proceeds of any sale of the Home must be distributed in the following order:

- i. to satisfy Permitted Mortgages in order of priority;
- ii. to pay any Unpaid Amounts;
- iii. to pay taxes, Owner association assessments, and any statutory or municipal fees currently due and payable;
- iv. to pay amounts owed to any other secured lien holders; and

v. to the Owner.

i. No Guarantee. Nothing in this Declaration constitutes a promise, commitment, or guarantee by the Program Manager to sell or purchase the Home, or that upon resale, the Owner will receive the Maximum Resale Price or any other price for the Home.

ARTICLE 9 ENFORCEMENT

9.1. Monetary Default. If the Owner fails to pay any amounts when due under this Declaration or the Program Mortgage, and the Owner and Permitted Mortgagee fail to cure such default within thirty days after the Program Manager gives written notice to Owner and Permitted Mortgagee, the Owner will be in default under this Declaration.

9.2. Non-Monetary Default. If the Owner fails to abide by any other requirement in this Declaration, the Program Mortgage, or any other document of record encumbering the Home, and such failure is not cured by the Owner or a Permitted Mortgagee within sixty days after the Program Manager gives written notice to the Owner and any Permitted Mortgagee, the Owner will be in default under this Declaration. However, if the Owner or a Permitted Mortgagee begin to cure the default within sixty days and diligently continue to cure but cannot completely cure the default within sixty days, the cure period will be extended for a reasonable amount of time. However, the Owner will not be entitled to cure any violation of Section 5.4, ARTICLE 7, ARTICLE 8, Section 2.3, or Section 9.3, and the Program Manager may exercise its rights and remedies under Section 9.4 for any such violation immediately after giving written notice to the Owner and any Permitted Mortgagee.

9.3. Bankruptcy. If any of the following events occur, the Owner will be in default under this Declaration:

- a. the Home is taken on execution or by other process of law;
- b. any assignment is made by the Owner for the benefit of creditors;
- c. a receiver, trustee in bankruptcy, or other similar officer is appointed to take charge of any substantial part of the Home by a court of competent jurisdiction;
- d. a petition is filed for the reorganization of Owner under any provisions of the Bankruptcy Act; or
- e. the Owner files a petition for reorganization or for arrangements under any 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.

9.4. Rights and Remedies. If the Owner has defaulted under this Declaration and the default continues beyond any applicable cure period, in addition to all other rights and remedies provided at law or in equity, the Program Manager may take any one or more of the following actions:

- a. enforce this Declaration by appropriate legal proceedings and seek injunctive and other relief;
- b. exercise the Purchase Option;
- c. in the case of a default under Section 9.2 or 9.3, exercise all rights and remedies under the Program Mortgage, including by instituting foreclosure by judicial proceeding or through the public trustee;
- d. in the case of any sale, conveyance, financing, refinancing, or other transfer or occupancy of the Home that violates this Declaration, the Program Manager may seek:
 - i. specific performance of this Declaration;
 - ii. money damages for Excess Proceeds and Unpaid Amounts;
 - iii. if the violation is a sale or other conveyance of the Home to an Ineligible Buyer except as permitted in Section 8.5, the Program Manager may locate an Eligible Buyer to purchase or purchase the Home from the Ineligible Buyer on the terms of this Declaration, and a court may order specific performance of the requirement that an Ineligible Buyer shall sell the Home;
 - iv. to void any contract for sale or any sale, conveyance, or other transfer of the Home in violation of the provisions of this Declaration; and
 - v. money damages for the cost of creating or obtaining a comparable dwelling unit for an Eligible Buyer.
- e. In addition to these remedies, the Owner shall pay all the Program Manager's fees and expenses (including legal fees) if the Program Manager is successful in any enforcement action against the Owner or Owner's successors or assigns.
- f. The Owner for himself, herself, or themselves and his, her, or their successors and assigns, hereby grants to the Program Manager the right to take all actions with respect to the Home that the Program Manager determines to be necessary or appropriate pursuant to applicable law, court order, or with the consent of the Owner to prevent, remedy or abate any violation of this Declaration.
- g. All rights and remedies set forth in this Section 9.4 are subordinate to the rights of Permitted Mortgagees.

9.5. Program Manager Default. If the Program Managers fails to abide by any requirement or fulfill any obligation in this Declaration, and such failure is not cured by the Program Manager within sixty days after the Owner gives written notice to the Program Manager, the Program Manager will be in default under this Declaration, and the Owner may pursue legal remedies against the Program Manager.

ARTICLE 10

NOTICES AND OTHER PROVISIONS

10.1. Notices. The parties shall give all notices, consents, demands, waivers, or approvals related to this Declaration in writing delivered by: (a) personal delivery, (b) a nationally recognized, next-day courier service, (c) first-class certified mail, postage prepaid, or (d) e-mail. A notice is deemed given on the other party's receipt of it, or if mailed, on the earlier of the other party's receipt of it and the fifth business day after its mailing. The parties may change their addresses for notice by notifying the other parties in the manner provided in this Section 10.1. The parties hereby designate their addresses as follows:

If to Program Manager: Silverton Housing Authority
 P.O. Box 250
 1360 Greene Street
 Silverton, CO 81433

With a copy to: San Juan County
 P.O. Box 466
 Silverton, CO 81433
 Attn: County Administrator

If to Owner: [OWNER'S NAME]
 [UNIT ADDRESS]

10.2. Severability. The parties acknowledge that if a dispute between the parties arises out of this Declaration or the subject matter of this Declaration, they would want the court to interpret this Declaration as follows:

a. with respect to any provision it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision;

b. if an unenforceable provision is modified or disregarded in accordance with this Section 10.2, by holding that the rest of the Declaration will remain in effect as written;

c. by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable; and

d. if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Declaration, by holding the entire Declaration unenforceable.

10.3. Waiver. No waiver of satisfaction of a condition or non-performance of an obligation under this Declaration will be effective unless it is in writing and signed by the party granting the waiver.

10.4. Entire Agreement. This Declaration constitutes the entire understanding between the parties regarding its subject matter.

10.5. Amendments. Any amendment to this Declaration requires a written agreement of the parties.

10.6. Governing Law. The laws of the state of Colorado, without giving effect to its principles of conflicts of law, govern all adversarial proceedings brought by the parties arising out of this Declaration, whether their claims sound in contract, tort, or otherwise.

[Signatures appear on the following pages]

DRAFT

The parties have caused this Declaration to be executed as of the Effective Date.

OWNER

By: _____
Name: [Name]
Title: [Title]

STATE OF COLORADO

)

) ss.

COUNTY OF _____

)

This instrument was acknowledged before me this ____ day of _____, 2025, by
[_____].

Witness my hand and official seal.

My commission expires _____

Notary Public

[signatures continue on following page]

PROGRAM MANAGER

SILVERTON HOUSING AUTHORITY

By: _____
Name: Anne Chase
Title: Executive Director

STATE OF COLORADO)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, 2025, by Anne Chase, as Executive Director of the Silverton Housing Authority.

Witness my hand and official seal.

My commission expires _____

Notary Public

COUNTY

SAN JUAN COUNTY, COLORADO

By: _____
Name: _____
Title: _____

STATE OF COLORADO

)

) ss.

COUNTY OF _____

)

This instrument was acknowledged before me this _____ day of _____, 2025, by _____, as _____ of San Juan County, Colorado.

Witness my hand and official seal.

My commission expires _____

Notary Public

EXHIBIT A

Legal Description of the Home

LOT [REDACTED], ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 25, 2025,
UNDER RECEPTION NO. 1560[89/90], COUNTY OF SAN JUAN, STATE OF COLORADO.

DRAFT

OPTION TO PURCHASE AGREEMENT

This Option to Purchase Agreement (“Agreement”) is made effective this ____ day of _____, 2025, by and between ANVIL TOWNHOMES LLC, a Colorado limited liability company, its successors and assigns (“Owner”), and the SILVERTON HOUSING AUTHORITY, a body corporate and politic (“Housing Authority”). In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties herein agree as follows:

1. **Property.** Owner is the owner of that real property located in Silverton, San Juan County, Colorado, legally described as:

LOTS 15, 16A, 16B, 16C, AND 16D, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 25, 2025, UNDER RECEPTION NO. 156090, AND LOTS 17A, 17B, 17C, AND 17D, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 25, 2025, UNDER RECEPTION NO. 156089, COUNTY OF SAN JUAN, STATE OF COLORADO (collectively, the “Property”, and each individual unit a “Unit”).

2. **Grant of Option.** Owner hereby grants to the Housing Authority the exclusive option (the “Option”) to purchase the Units, on the terms and conditions set forth in this Agreement.

3. **Option to Buy in the Event of Foreclosure of Deed in Lieu of Foreclosure.** In the event of a foreclosure or acceptance of a deed in lieu of foreclosure by the holder (including assigns of the holder) of the promissory note secured by a first deed of trust (“Holder”) on any of the Units legally described above, and subject to the issuance of a public trustee’s deed to the Holder following expiration of all statutory redemption rights, or issuance of a deed in lieu of foreclosure to the Holder, the Housing Authority or its assigns shall have the option to purchase the Unit.

4. **Exercise of Option.** The Housing Authority or its assigns shall have 60 days after issuance of the public trustee’s deed or deed in lieu of foreclosure in which to exercise this Option. In the event of a deed in lieu of foreclosure, the Housing Authority may exercise the Option by tendering to the Holder or its assigns, in cash or certified funds, an amount equal to the amount due on the note and any additional reasonable costs incurred by the Holder during the option period. In the event of foreclosure and issuance of a public trustee’s deed, the Housing Authority may exercise the Option by tendering to the Holder or its assigns, in cash or certified funds, the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional reasonable costs incurred by the Holder during the option period which are directly related to the foreclosure.

5. **Title.** Upon receipt of such option price, the Holder shall deliver to the Housing Authority or its assignee a special warranty deed, conveying the Unit to the Housing Authority or its assignee. The Holder shall convey only such title as it received through the public trustee’s deed or deed in lieu of foreclosure, and shall not create or participate in the creation of any additional liens or encumbrances against the Unit following issuance of the public trustees’ deed to the Holder or

receipt of the deed in lieu of foreclosure by the Holder. The Holder shall not be liable for any of the costs of conveyance to the Housing Authority or its assignee.

6. **Release.** In the event that the Housing Authority or its assigns do not exercise its Option as to any Unit within the 60 day period provided for herein, this Agreement shall be automatically released, but only with respect to the Unit which is the subject of foreclosure as of the sixty-first day after the issuance of such public trustee's deed or deed in lieu of foreclosure. The Holder shall not be required to take any affirmative action to obtain such release; however, the Housing Authority will execute a release of this Agreement upon request. It is agreed that this Section 6 shall not result in a release of this Agreement from any other Unit which is not the subject of foreclosure.

7. **Agreement Runs with the Land.** The benefits and obligations of the parties under this Agreement shall run with the land, and Owner's obligations hereunder shall be binding on any subsequent holder of any ownership interest in the Property or any Unit. The provisions of this Agreement shall inure to and be binding upon the heirs, successors and assigns of the parties hereto.

8. **Notice:** The Owner and the Holder shall give such notice to the Housing Authority of any foreclosure proceeding. Said notice shall be sent by certified mail, return receipt requested, and addressed as follows:

Silverton Housing Authority
c/o Town of Silverton
P.O. Box 250
Silverton, CO 81433

9. **Amendment.** This restriction may be amended only by an instrument recorded in the records of San Juan County, Colorado executed by the Housing Authority and the then-Owner of the Property or any Unit, as applicable.

10. **Successor to Housing Authority.** In the event that, at any time during the duration of this Agreement, the Housing Authority ceases to exist, all reference in this Agreement to the Housing Authority shall, thereafter, mean the Town of Silverton and its successors, assigns, or any other entity designated by the Town of Silverton to administer or enforce the provisions hereof, or to perform the functions of the Housing Authority as described herein.

11. **Choice of Law & Venue.** This Agreement and each and every related document shall be governed and constructed in accordance with the laws of the State of Colorado. The exclusive jurisdiction for any claim or controversy arising out of or relating to this Agreement shall be in San Juan County District Court. Each party irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action, or proceeding in such court, or that such court is an inconvenient forum.

12. **Counterparts.** For the convenience of the parties, this Agreement may be executed in one or more counterparts, and each executed counterpart will for all purposes be deemed an original and will have the same force and effect as an original, but all of such counterparts together will constitute in the aggregate but one and the same instrument.

13. **Attorneys' Fees.** If any action is commenced between the parties concerning this Agreement or for the enforcement of rights and duties of any party pursuant to this Agreement, the court shall award the substantially prevailing party in the action its reasonable attorneys' fees in addition to any other relief that may be granted.

IN WITNESS WHEREOF, the parties have executed and adopted this Option to Purchase this
 ____ day of _____, 2025.

OWNER

Anvil Townhomes LLC, a Colorado limited liability company

By: Silverton Housing Authority, a body corporate and politic, its Manager and Sole Member

By: _____
Name: Anne Chase
Title: Executive Director

STATE OF COLORADO)
) ss.
COUNTY OF SAN JUAN)

This instrument was acknowledged before me this ____ day of _____, 2025, by Anne Chase, as Executive Director of the Silverton Housing Authority, a body corporate and politic, as Manager and Sole Member of Anvil Townhomes LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires _____

Notary Public

HOUSING AUTHORITY

SILVERTON HOUSING AUTHORITY, a
body corporate and politic

By: _____
Name: Anne Chase
Title: Executive Director

STATE OF COLORADO)
) ss.
COUNTY OF SAN JUAN)

This instrument was acknowledged before me this ____ day of _____, 2025, by Anne Chase,
as Executive Director of the Silverton Housing Authority, a body corporate and politic.

Witness my hand and official seal.

My commission expires _____

Notary Public

When Recorded Return to:
COLORADO DIVISION OF HOUSING
1313 SHERMAN STREET, ROOM 320
DENVER, CO 80203
ATTN: *Brittany Thigpen*

COLORADO DEPARTMENT OF LOCAL AFFAIRS USE COVENANT AND REGULATORY AGREEMENT

THIS USE COVENANT AND REGULATORY AGREEMENT (“Covenant”) is made by Anvil Townhomes LLC, a Colorado limited liability company (“Grantor”), whose business address is 1360 Greene Street, P.O. Box 250, Silverton, CO 81433 fee simple owner of the real property described below, and is effective as of the date appearing beneath Grantor’s signature at the end of this Covenant.

Grantor is a beneficiary of funds through Grant Agreement #H6AHOP32782 (the “Funding Agreement”) from the State of Colorado (“State”), by and through the Department of Local Affairs (“DOLA”), for the benefit of the Division of Housing (“DOH”) and The Housing Authority of the Town of Silverton dba Silverton Housing Authority (“Grantee”), which funds were conveyed by Grantee to Grantor for use in the construction of Anvil Walsh Townhomes (the “Project”), located at 701 Martha Rose Street Unit A, 701 Martha Rose Street Unit B, 701 Martha Rose Street Unit C, 701 Martha Rose Street Unit D, 655 W 5th Street Unit A, 655 W 5th Street Unit B, 655 W 5th Street Unit C, 655 W 5th Street Unit D, Silverton, CO 81433 (the “Property”), whose legal description is as follows:

SEE ATTACHMENT 1

As a condition precedent to DOLA’s disbursement of the grant funds, Grantor agreed to promptly record this Covenant in the official records of the office of the Clerk and Recorder of the county in which the Property is located to ensure that certain affordability and occupancy limitations associated with DOLA’s Proposition 123 Affordable Homeownership Program (“AHOP”) program are met regardless of ownership.

NOW, THEREFORE, the following is established as a Covenant running with the land;

1. **Use Restriction.** During the Affordability Period the Property shall be used to provide housing to Eligible Beneficiaries at an Affordable Sales Price. Grantor shall not demolish any part of the housing located on the Property or permit the Property to be used for any purpose other than affordable housing.
2. **Change in Use.** No change in use is permitted without the express written consent of DOLA.
3. **Affordability Period.** This Covenant shall encumber the Property, without regard to the term of any mortgage or transfer of ownership, for thirty (30) years from the date of recording (the “Affordability Period”). Repayment of the grant funds provided shall not terminate the affordability period.
4. **Eligible Beneficiaries.**
 - 4.1. **Initial Sale.** The housing must be acquired by an Eligible Beneficiary. Eligible Beneficiary means a homebuyer whose family qualifies as a low-income family. Low-income family means a family whose annual income does not exceed the applicable median income for the area (“AMI”) listed in the table below. In determining the income eligibility of the family, the income of all persons living in the housing must be included. AMI data is published annually by the Department of

Housing and Urban Development (HUD), or if no longer published, shall be determined using an equivalent index designated by DOLA.

Unit Type	2-BR	3-BR	Total	Income Limit
AHOP-Assisted	2	0	2	≤ 80% of AMI
AHOP-Assisted	0	1	1	≤ 100% of AMI
Other Affordable	1	0	1	≤ 80% of AMI
Other Affordable	3	1	4	≤ 100% of AMI
Other Affordable	0	1	1	≤ 140% of AMI
Total Units	6	3	9	

- 4.2. **Lawful Presence.** [Reserved].
- 4.3. **Resale.** If the housing does not continue to be the principal residence of the initial purchaser for the duration of the Affordability Period the housing shall be made available for subsequent purchase only to a buyer that is an Eligible Beneficiary.
5. **Affordable Sales Price.**
 - 5.1. **Initial Sale.** The initial sale price of the Property shall not exceed ninety-five percent (95%) of the median purchase price for the area as determined by HUD.
 - 5.2. **Resale.** If the housing does not continue to be the principal residence of the initial purchaser for the duration of the Affordability Period, the price at resale must ensure the original AHOP-Assisted Unit owner receives a ‘fair return on investment’ (including the homeowner’s investment and any capital improvement) and ensure that the housing will remain affordable to a ‘reasonable range of low-income homebuyers’. In the event that the resale price necessary to provide a ‘fair return’ is not affordable to the subsequent buyer, the Grantor shall follow the procedures set forth in the State’s Consolidated Plan.
6. **Maximum Mortgage Payment.** In order to ensure that the Property is affordable to a reasonable range of low-income homebuyers, the monthly mortgage payment of the Eligible Beneficiary, including principal, interest, taxes and insurance (“PITI”), plus any land lease fees or homeowners association fees, shall not exceed thirty-five percent (35%) of the gross income of the Eligible Beneficiary at the time the Eligible Beneficiary acquires the Property. This restriction shall apply to the initial sale and all subsequent re-sales of the Property made during the Affordability Period. Eligible Beneficiaries shall not permit any additional liens or mortgages to be placed against the Property without the prior written consent of Grantor, other than a first mortgage used to purchase the Property.
7. **Re-Sale of the Property.** Grantor shall keep and maintain complete records regarding all sales of the Property for at least six years beyond the end of this Covenant, and make this information available to DOLA upon request.
8. **Conversion of Unsold Homeownership Unit to Rental Housing.** [Reserved].
9. **Principal Residence.** The Property shall only be used as the homeowner’s principal residence. The Property may not be used as rental housing.

10. **Preserving Affordability.** In order to preserve the affordability of the Property, Grantor may utilize a purchase option, right of first refusal or other preemptive right before foreclosure, or at the foreclosure sale to acquire the Property. In such case, the housing must be sold to a new eligible homebuyer within a reasonable period of time. In the event a person or entity who is not eligible to own the Property acquires title to the Property, Grantor may, at its option, require owner to sell the Property to an Eligible Beneficiary at the Affordable Sales Price.
11. **Enforcement.** State or Grantor may take any and all legal action necessary to enforce the terms of this Covenant and shall be entitled to any and all available remedies, including without limitation, specific performance and injunctive relief.
12. **Compliance.** Grantor shall respond in a timely manner to DOLA's requests for information and cooperate with DOLA request for information and to conduct on-site inspections of the Property.
13. **Binding Effect.** This Covenant shall run with the land, and shall be binding on Grantor's successors and assigns. Grantor hereby covenants to include the requirements and restrictions of this Covenant in any document to be executed in connection with the transfer of any interest in the Property to another person or entity to ensure that such transferee has notice of, is bound by, and agrees to abide by the terms of this Covenant.
14. **Release.** Upon satisfaction of the terms of this Covenant and request the Grantor or the Property owner, State shall record a release of this Covenant.
15. **Affirmative Marketing.** [Reserved].

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SIGNATURE PAGE

GRANTOR:

ANVIL TOWNHOMES LLC
a Colorado limited liability company

By: THE HOUSING AUTHORITY OF TOWN OF
SILVERTON dba SILVERTON HOUSING
AUTHORITY,
a Colorado body corporate and politic
Its: Manager

By: _____
Dayna Kranker, Chair

State of _____)
County of _____) ss.
County of _____)

The foregoing instrument was subscribed to and acknowledged before me this ____ day of _____, 2025, by Dayna Kranker as Chair of The Housing Authority of the Town of Silverton dba Silverton Housing Authority.

Witness my hand and official seal.

**DECLARATION
FOR
ANVIL TOWNHOMES
(a Condominium Community)**

AFTER RECORDING, RETURN TO:

Anvil Townhomes LLC
PO Box 250
Silverton, CO 81433

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EXHIBITS

A – Legal Description

B – Recorded Easements and Licenses Appurtenant to the Community

C – List of Units

D – List of Assigned Parking Spaces

DRAFT

**DECLARATION
FOR
ANVIL TOWNHOMES
(a Condominium Community)**

This Declaration for Anvil Townhomes (“Declaration”) is made by the Declarant (defined below) and is effective upon recording. The Declarant owns certain real property in the Town of Silverton, State of Colorado. The Declarant desires to create a condominium community on the Real Estate under the name of “Anvil Townhomes” in which portions of the Real Estate are designated for separate ownership and other portions are to be co-owned by the Owners. The Declarant has caused the Anvil Townhomes Association, Inc. to be incorporated as a Colorado nonprofit corporation under the laws of the State of Colorado as an owners’ association to exercise the functions of an owners’ association as set forth in this Declaration and the Act.

ARTICLE 1. NAME, TYPE, PURPOSES, SUBMISSION AND DEFINITIONS

Section 1.1 Name and Type. The type of common interest community is a condominium community. The condominium community’s name is Anvil Townhomes. The Association’s name is Anvil Townhomes Association, Inc.

Section 1.2 Submission of Real Estate.

- (a) The Declarant submits the Real Estate, together with all easements, rights, appurtenances, buildings, and other improvements erected or to be erected on the Real Estate to this Declaration.
- (b) The Declarant declares that all the Real Estate will be held and conveyed subject to this Declaration.
- (c) The Declarant further declares that this Declaration is made for the purposes set forth in this Declaration, that this Declaration runs with the Real Estate and binds all Persons having any right, title, or interest in the Real Estate, and their heirs, legal representatives, successors, and assigns, and inures to the benefit of each Owner and the Association.

Section 1.3 Definitions.

- (a) Act means the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.*, as amended.
- (b) Affordability Covenants means all the affordability covenants encumbering title to one or more Units, including those covenants running in favor of the Housing Authority of the Town of Silverton, and the State of Colorado (the “Housing Authority”), and those covenants running in favor of the Housing Authority acting by and through the Department of Local Affairs for the benefit of the Division of Housing.
- (c) Allocated Interest means each Owner’s 1/8th interest (0.125%) in the Common Elements and each Owner’s proportion of voting rights.
- (d) Architect means Fading West Homes, LLC, a Colorado limited liability company.

(e) Assessment includes all Common Expense Assessments, Insurance Assessments, Utility Assessments, Special Assessments, Specific Unit Assessments, and any other expense levied against a Unit or Owner under to this Declaration or the Act.

(f) Association means Anvil Townhomes Association, Inc., a Colorado nonprofit corporation, and its successors.

(g) Board means the body responsible for management and operation of the Association.

(h) Buildings mean each structure containing up to four units and associated with the Common Elements.

(i) Bylaws mean the Bylaws of the Association.

(j) Common Elements means those portions of the property subject to this Declaration and the Map that are co-owned by the Owners as tenants-in-common. The Common Elements do not include the Units or the Limited Common Elements.

(k) Common Expenses mean the expenses and liabilities incurred or anticipated to be incurred by the Association on behalf of all Units including expenses incurred or reserves to be collected to maintain, repair, replace, and operate the Common Elements.

(l) Common Expense Assessment means an Assessment levied for Common Expenses.

(m) Community means all the Residents, the Real Estate, Common Elements, Limited Common Elements.

(n) Construction and Design Professionals mean:

(i) the General Contractor,

(ii) the Architect,

(iii) the Declarant,

(iv) any other architect, contractor, subcontractor, developer, builder, builder vendor, engineer, or inspector performing or furnishing the design, supervision, inspection, construction, or observation of the construction of any improvement to the Real Estate engaged by Declarant or any affiliate of the Declarant, and

(v) the owners, members, managers, partners, shareholders, directors, officers, employees, agents, contractors, subcontractors, vendors, and affiliates of each party listed in (i) – (iv).

(o) Construction Defect Action means any legal proceeding for damages, indemnity, subrogation, or contribution, regardless of the theory of liability, brought against:

(i) any Construction and Design Professional that asserts a claim for damages or loss to, or the loss of use of, real or personal property, or any personal injury caused by a defect in the design or construction of a Unit, the Common Elements, or Limited Common Elements; and

(ii) the Declarant or a Director any claim of breach of fiduciary duty that arises from an alleged damages or loss to, or the loss of use of, real or personal property, or any personal injury caused by a defect in the design or construction of a Unit, the Common Elements, or Limited Common Elements.

(p) Declaration means this Declaration, as amended.

(q) Declarant means Anvil Townhomes LLC, a Colorado limited liability company, and any successor or assign of Declarant.

(r) Declarant Control Period means the period of time commencing on the date this Declaration is recorded and expiring sixty days after the Declarant conveys 75% of the Units.

(s) Declarant Parties mean the Declarant and its parent, subsidiaries, and affiliates, and the directors, officers, and agents of the Declarant and its parent, subsidiaries, and affiliates.

(t) Development Rights means those development rights reserved for the Declarant in this Declaration.

(u) Director means any person serving as a director of the Board.

(v) East Building means that building located at [____], Buena Vista, Colorado containing Units [____].

(w) First Lien Holder means a holder of a first-lien mortgage.

(x) General Contractor means Fading West Construction, LLC, a Colorado limited liability company.

(y) Governing Documents mean this Declaration, the Map, the Association's Articles of Incorporation, the Bylaws, the Rules and Regulations, the Governance Policies, and the Affordability Covenants, all as may be amended.

(z) Governance Policies mean policies adopted by the Association to guide governance and operation of the Association.

(aa) High-Risk Components mean fixtures or appliances within the Units that pose a particular risk of damage to other Units, Common Elements, or Limited Common Elements if they are not properly inspected, maintained, repaired, or replaced. For example, these fixtures and appliances may include, but are not limited to, smoke detectors, carbon monoxide detectors, water heaters, dishwashers, and washing machines.

(bb) Insurance Assessment means an Assessment levied for the Association's insurance.

(cc) Limited Common Elements means portions of the Real Estate, Buildings, or improvements reserved for the exclusive use one or more, but less than all, of the Residents.

(dd) Managing Agent means the management company, manager, or bookkeeper engaged by the Association to assist in the operations, administration, and governance of the Association.

(ee) Maps mean the two plat maps for each Building as recorded, which such Maps are part of this Declaration.

(ff) Mortgage Holder means any lender that legally owns any mortgage extended to an owner.

(gg) Officer means any person serving as an officer of the Board.

(hh) Owner means the record titleholder of a Unit within the Community but does not include a Mortgage Holder.

(ii) Permittee means an Owner's or Resident's family, contractors, subcontractors, agents, licensees, lessees, invitees, and their officers, directors, agents, licensees, and invitees, and any purchaser under contract to purchase a Unit.

(jj) Person means any individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity.

(kk) Real Estate means the real property described in Exhibit A, together with all easements, rights, and appurtenances and improvements erected or to be erected on the property described in Exhibit A.

(ll) Resident means any Person staying overnight in a Unit for a total of more than thirty days, either consecutive or nonconsecutive, in any calendar year. Residents may be Owners, cohabitants of Owners, the Owner's tenants, or the cohabitants of tenants.

(mm) Rules and Regulations mean any instrument, however denominated, adopted by the Association for the regulation and management of the Real Estate, Units, Common Elements, or Limited Common Elements, including any amendments or revisions.

(nn) Special Assessment means a one-time Assessment against all Units for extraordinary or irregular expenses.

(oo) Specific Unit Assessment means an Assessment against a specific Unit.

(pp) Unit means a physical portion of the Real Estate designated for individual or separate ownership and residential use as more particularly described in this Declaration and the Map. The Units in the Community are listed in Exhibit C.

(qq) Utility Assessment means an Assessment for utilities that serve Common Elements or the Community as a whole.

(rr) Utility Systems means the meters, fixtures, electrical components, switches, receptacles, wires, cables, pipes, ducts, conduits, panels, security systems, and other items that provide or relate to utilities including water, sewer, wastewater, irrigation, gas, cable, internet, telephone, electricity, and heating and cooling systems.

(ss) West Building means that building located at [____], Buena Vista, Colorado containing Units [____].

ARTICLE 2. NUMBER OF UNITS, BOUNDARIES, COMMON AND LIMITED COMMON ELEMENTS, AND EASEMENTS

Section 2.1 Number of Units. The number of Units is eight with four units contained in each Building. Units may not be added, combined, or subdivided.

Section 2.2 Units and Boundaries. Each Unit must be conveyed as a separately designated and legally described. Each Unit includes that part of the structure which lies within the following boundaries:

(a) Unit Boundaries.

(i) Vertical Boundaries. Each Unit's vertical boundaries are the vertical planes formed by the surfaces of the Unit's perimeter vertical walls, including subsurface walls that connect to the foundation.

(ii) Additional Information to Interpret Unit Boundaries. All furring, wallboard, plasterboard, plaster, paneling, tiles, surface texture, wallpaper, paint, finished flooring, and any other materials constituting the finished surfaces are part of the Unit. All other portions of the floors, walls, and ceilings are Common Elements or Limited Common Elements. Each Unit includes the spaces and improvements lying within the boundaries of the Unit, including windows, interior window frames, doors, door frames, siding, exterior paint, landscaping, stoops, entryways, and that portion of the sidewalk accessing the Unit.

(b) Physical Boundaries. In interpreting deeds and the Site Maps, the existing physical boundaries of a Unit as originally constructed or reconstructed in substantial accordance with the Maps are the Unit's boundaries, regardless of settling or lateral movement of the building in which the Unit is located, and regardless of minor variances between the boundaries shown on the Maps and those of the Unit as constructed.

(c) Inclusions. Each Unit includes the utility meters, furnaces, heat pumps, air conditioners, water heaters, electrical switches, wiring, pipes, ducts, conduits, fire protection, smoke detectors, security systems, and communications, televisions, telephone and other telecommunications and electrical receptacles and boxes serving that Unit exclusively.

(d) Exclusions. Units do not include the spaces and improvements lying outside the Unit boundaries described above, including exterior street or common lighting, and any chutes, pipes, flues, ducts, wires, conduits, skylights, roofs, and other facilities running through or within any portion of the foundation that furnish utility and other services to other Units and the Limited Common Elements of each Building.

Section 2.3 Legal Description of Units. In all deeds, deeds of trust, and other documents to be recorded, the Units are to be legally described as follows:

Unit ____ and Parking Space ____, Anvil Townhomes, County of San Juan, State of Colorado, according to the Anvil Townhomes Map recorded on _____, at _____ and Declaration for Anvil Townhomes recorded on August 25, 2025, both in the records of the Clerk and Recorder of the County of San Juan, State of Colorado

Section 2.4 Common Elements. The Common Elements are to remain undivided, and no Owner or any other Person may bring any action for partition or division of the whole or any part of any Common Element. The Common Elements include any portions of the Real Property and improvements that are not labeled as a Unit or as a Limited Common Element on the Maps.

Section 2.5 Limited Common Elements. The Limited Common Elements include:

- (a) the Limited Common Elements depicted on the Maps;
- (b) the foundation and roof of each Building;
- (c) the landscaping, parking areas and sidewalks;
- (d) assigned parking spaces described in Exhibit D, stoops, exterior doors, siding, exterior paint, staircases, siding, exterior paint, furnaces, hot water heaters, air conditioning units, condensers, utilities infrastructure, and associated lines serving only one Unit are a Limited Common Element allocated solely to that Unit, and any of the foregoing that serve more than one Unit but less than all Units are Limited Common Elements to the Units served; and

(e) any chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column, or other fixture that lies partially within and partially outside the boundaries of a Unit, the portion serving only the Unit is a Limited Common Element allocated solely to that Unit, and any portion serving more than one Unit is a Limited Common Element to those Units served; however, any portion serving only the Common Elements or serving all the Units are Common Elements.

Section 2.6 Assignment and Reassignment of Limited Common Elements.

(a) The Association may assign a Common Element not previously assigned as a Limited Common Element as a Limited Common Element without a vote of Owners upon written application to the Association by the Owner or Owners for whose exclusive use the Common Element is requested, or whose use of the Limited Common Element previously assigned is directly affected.

(b) Upon the Association's approval of an application, the Association shall prepare and execute an amendment to the Declaration and Map assigning the Common Element as a Limited Common Element or reassigning the Limited Common Element, which the Owner or Owners making the application must execute and record.

Section 2.7 Easements for Use and Enjoyment.

(a) Residents have a non-exclusive easement for ingress, egress, and use of the Common Elements, which easement is appurtenant to and passes with the title to the Unit subject to the following:

- (i) the Association may grant further easements, leases, and licenses to the Common Elements;
- (ii) the Association may dedicate or transfer Common Elements subject to approval of Owners holding 67% of the Allocated Interests; and
- (iii) the Association may change the use of portions of the Common Elements or to close portions of the Common Elements subject to the Act.

(b) Residents and Owners only have an exclusive easement to use Limited Common Element assigned to their Unit.

(c) Owners and Residents may delegate their right to use and enjoy Common Elements and Limited Common Elements to Licensees. If the Unit is leased, the Owner is deemed to have delegated these rights to the Resident or Residents of their Unit. The Owner who delegates its rights to Licensees or Residents bears responsibility for any resulting damages, and this Declaration authorizes a lien against the Owner's Unit for such damage.

Section 2.8 Easement for Entry.

(a) Each Unit is subject to an easement for ingress and egress in favor of the Association and its Permittees, and to each Owner to allow them to exercise their rights and perform their obligations under this Declaration.

(b) Except in an emergency, entry to a Unit is only permitted during reasonable hours and after reasonable notice to its Residents. For the purposes of this Section 2.8(b), an emergency justifying immediate entry into a Unit includes, but is not limited to: a water or other utility leak, fire, strong foul odor, obvious insect infestation, or sounds indicating that a Person or animal might require immediate medical attention.

(c) The failure to exercise the easement rights in the event of emergency, security, or safety purposes does not create liability to the Association.

Section 2.9 Easement for Support. Every Unit, Limited Common Element, and the Common Elements supporting an abutting Unit are burdened with a non-exclusive easement of support for the benefit of the abutting Unit. No Owner may alter any party wall shared with another Unit without the consent of the adjacent Owner and the Association.

Section 2.10 Easement for Encroachments. If any Unit, Limited Common Element, or Common Element encroaches on any other Unit or Common Element, this Declaration grants an easement for the encroachment.

Section 2.11 Easements for Utilities.

(a.) If any Utility System serving any Unit or the Common Elements lies within the boundaries of another Unit, Limited Common Element, or the Common Elements, the other Unit, Limited Common Element, or Common Elements is burdened with a non-exclusive easement in favor the Unit served and the Association for the use, maintenance, repair, and replacement of the Utility System.

(b.) The Declarant creates and reserves to itself and to the Association a blanket easement on the Real Estate, Units, Common Elements, and Limited Common Elements for access, utilities, drainage, and to install, replace, repair, and maintain the Utility Systems. By virtue of this easement, the Declarant or the Association may erect and maintain the necessary facilities, equipment, and appurtenances on the Real Estate and affix, repair, and maintain landscaping, fencing, water, treated waste water, effluent irrigation, and sewer pipes and fixtures, gas, electric, heat and cooling fixtures, telephone and other telecommunications fixtures, wires, circuits, conduits and meters, and any other improvements or fixtures appurtenant or relating to the Utility Systems. If any utility or quasi-utility company furnishing a utility service covered by the general easement created in this Declaration requests a specific easement, the Declarant and Association may grant such an easement on the Real Estate, Common Element, Limited Common Element, and the Units.

Section 2.12 Map and Plat Easements. Easements for utilities and other purposes over and across the Real Estate are described in Exhibit B and further easements may be granted pursuant to this Declaration or by authority reserved in any recorded document.

Section 2.13 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons to enter any part of the Community to perform their duties.

Section 2.14 Construction Easement. The Declarant grants itself an easement to perform warranty work, repairs, and complete construction on Units, the Common Elements, and Limited Common Elements, even after conveyance of a Unit to an Owner, after providing notice and coordinating with the Association, Owner, or any Resident. This easement includes the right to control work and repairs. These easement rights are not to be construed as Development Rights or other rights allowed for under the Act, but rather, as easement rights independent of the Act based on common law.

ARTICLE 3. ASSOCIATION MEMBERSHIP, ALLOCATED INTERESTS, AND THE MASTER ASSOCIATION

Section 3.1 Membership.

- (a) Every Person who is an Owner of any Unit is a member of the Association.
- (b) Membership is appurtenant to and may not be separated from ownership of a Unit.
- (c) Ownership of a Unit is the sole qualification for membership.
- (d) No Owner, whether one or more Persons, has more than one membership per Unit owned.
- (e) Membership does not include Persons who hold an interest in a unit merely as security for the performance of an obligation, and granting a security interest does not terminate the Owner's membership in the Association.

Section 3.2 Allocated Interests.

- (a) Voting. Each Unit is entitled to one weighted vote according to the Owner's Allocated Interest, regardless of the unit's square footage. When more than one Person owns a Unit, the vote for the Unit must be exercised as the Owners determine among themselves. The vote allocated to a Unit must be cast as a block and without dividing or fractionalizing the vote. If more than one Person seeks to exercise a Unit's vote, the Unit's vote is void.
- (b) Common Expenses. Except as provided below or elsewhere in the Governing Documents, all Assessments are assessed against a Unit according to the Owner's Allocated Interest.
- (c) Co-ownership Interests in the Common Elements. Each Owner's percentage of ownership interest in the Common Elements equals the Owner's Allocated Interest.

Section 3.3 General Purposes, Powers, Authority and Restrictions on and of the Association.

- (a) The Association, acting through its Board, shall perform functions and manage the Community to serve the purposes set forth in the Governing Documents.
- (b) The Association, acting through its Board, has all power necessary or desirable to effectuate the purposes of the Association.
- (c) The Association, acting through the Board, shall manage the business affairs of the Community. Unless a power is reserved to the Owners by the Governing Documents or the Act, the Board shall exercise all powers of the Association.
- (d) The Association is governed by the Act, Governing Documents, and other applicable laws.
- (e) By written resolution, the Board may delegate authority to a Managing Agent. However, any delegation does not relieve the Board of ultimate responsibility for managing the Association.

Section 3.4 Meetings of the Association and Board. The Board shall conduct meetings in accordance with the Act and the Bylaws.

- (a) All meetings of the Association and the Board are open to every Owner, or to any person designated by an Owner in writing as the Owner's representative, except when the Board convenes in executive session in accordance with the Act.
- (b) The Association shall make agendas for meetings available for examination by all Owners.

Section 3.5 Governance Policies. The Association may adopt and maintain Governance Policies to guide governance and operation of the Association. These Governance Policies must include policies required by the Act and may include any other policies the Association deems necessary and appropriate.

Section 3.6 Declarant Control. During the Declarant Control Period, the Declarant reserves the power to appoint and remove Officers and Directors.

Section 3.7 Declarant's Deliveries to Association. Within sixty days after the Owners other than the Declarant elect a majority of Directors, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by the Declarant in accordance with the Act.

Section 3.8 Initial Owner Elections of Board Members. In accordance with the Act:

- (a) Not later than sixty days after conveyance of twenty-five percent of the Units that may be created to Owners other than a Declarant, at least one Director and not less than twenty-five percent of the Directors of the Board must be elected by Owners other than the Declarant.
- (b) Not later than sixty days after conveyance of fifty percent of the Units to Owners other than a Declarant, not less than one third of the Directors must be elected by Owners other than the Declarant.
- (c) Once the Declarant Control Period ends, Owners shall elect all Directors in accordance with the Act and the Bylaws.

Section 3.9 Declarant May Relinquish Rights. At any time prior to the end of the Declarant Control Period, the Declarant may relinquish the right to appoint and remove Directors and Officers.

ARTICLE 4. ASSESSMENTS

Section 4.1 Power and Purposes of Assessments. The Association may levy Assessments in accordance with the Act. The Associations shall levy Assessments no less frequently than annually, and Assessments must be based on an annual budget adopted according to Section 4.11.

Section 4.2 Common Expense Assessments. The Association shall levy, collect, and use Common Expense Assessments to fulfill the Association's obligations under this Declaration.

Section 4.3 Utility Assessments. If any utility or similar service is billed to the Association, the costs of that utility will be divided equally between the Owners according to their Allocated Interest and paid as a Utility Assessment. Utility Assessments may be assessed for electricity, gas, water, stormwater, and sewer that serve Common Elements, and trash and recycling for the Community. The Association may adopt Governance Policies for the billing and collection of Utility Assessments.

Section 4.4 Insurance Assessment. The Association shall pay for insurance required by the Declaration by levying Insurance Assessments. The costs of insurance required by the Declaration will be divided equally between the Owners according to their Allocated Interest. However, if the Board determines that any Unit poses a special risk, the Board may allocate Insurance Assessments in proportion to the risk.

Section 4.5 Specific Unit Assessments. The Association may levy specific assessments against a Unit or Units for:

- (a) any expense or liability incurred by the Association as a result of the willful, negligent, or wrongful act of an Owner, the Residents of the Unit, their Licensees, or fines assessed for any breach by any of these parties of the Governing Document;
- (b) any expense associated with the maintenance, repair, or replacement of a Limited Common Element, which the Association shall assess against the Unit or Units to which that Limited Common Element is assigned, equally or in any other equitable proportion the Association determines;
- (c) any expense benefiting fewer than all of the Units, or disproportionately benefiting some Units, which the Association may assess equitably against those Units benefited according to the benefit received or in any other equitable proportion the Association determines;
- (d) any utility expenses not separately charged by the utility provider to the Unit or Owner, with or without separate metering or an evaluation by an independent entity with expertise in making allocation determinations.

Section 4.6 Personal Obligation for Assessments.

- (a) Each Owner shall pay to the Association:
 - (i) Common Expense Assessments;
 - (ii) Insurance Assessments;
 - (iii) Utility Assessments;
 - (iv) Specific Unit Assessments; and
 - (v) any other Assessment authorized under this Declaration or the Act.
- (b) Assessments are the personal obligation of the Person who was the Owner when the Assessment came due. Nevertheless, if a predecessor in title fails to pay any Assessment, the successor in title bears responsibility for all Assessments, including Assessments accruing prior to the passage of title and all charges for the month in which title is passed.

Section 4.7 Commencement of Assessments. Assessments may begin on the first conveyance of a Unit to an Owner other than Declarant. Before the conveyance of the first Unit, the Declarant bears responsibility for the payment of all expenses of the Association.

Section 4.8 Lien for Assessments. All Assessments, together with charges, interest, costs, and reasonable attorney's fees actually incurred, up to the maximum amount permitted by Act, constitute a continuing lien on the Unit against which the Assessment is made. The Association may record a notice of lien in the San Juan County, Colorado real property records evidencing the lien.

Section 4.9 Payment of Assessments. Assessments are to be paid in the manner and on the dates fixed by the Association. No Owner may exempt itself from liability for or otherwise withhold payment of Assessments for any reason whatsoever, including nonuse of the Common Elements, the Association's failure to provide services or perform its obligations under this Declaration, or inconvenience or discomfort arising from the Association's performance of its duties.

Section 4.10 Delinquent Assessments. All Assessments and related charges not paid on or before the due date are delinquent, and the Owner is then in default of this Declaration. The Association impose late fees, charge interest, recover reasonable attorney fees and other legal costs, and foreclose its lien according to its Governance Policies and in compliance with the Act. The Association may suspend voting rights for Owners who are sixty days or more delinquent on Assessments.

Section 4.11 Budget.

(a) Prior to the beginning of each fiscal year, the Association shall prepare a proposed budget covering the estimated costs of operating the Community during the coming fiscal year.

(b) The Association shall deliver the proposed budget to each Owner and set a date for a meeting of the Owners to consider the proposed budget in accordance with the Act.

(c) The proposed budget, and the Assessments it proposes, will become effective unless disapproved at a duly called Association meeting by a majority of Allocated Interests.

(d) If the Owners disapprove a proposed budget, or the Association fails to propose a budget, then until a new budget is approved, the budget in effect for the prior year continues for the succeeding year. In such case, the Association may propose a new budget at any time during the year.

(e) A ratified or approved budget does not operate as a limitation on expenditures by the Association, but rather an estimate of Common Expenses.

Section 4.12 Special Assessments. In addition to the Common Expense Assessment, the Association may propose a Special Assessment according to the meeting and notice procedures in Section 4.11. A Special Assessment (except as provided in this Declaration regarding repair or reconstruction of casualty or condemnation damage) will become effective unless disapproved at a duly called Association meeting by a vote of a majority of the Allocated Interests.

Section 4.13 Working Fund. Each Owner and future Owner must deposit at closing with the Association two times the monthly installment of Common Expense Assessments, Utility Assessments, and Insurance Assessments, which the Association may use to ensure that the Association has adequate funds available to meet unforeseen expenditures, for regular operating expenses, or to fund reserves.

Section 4.14 Statement of Account. The Association shall furnish to an Owner, the Owner's Representative, Mortgage Holder, or the Mortgage Holder's designee a statement setting forth the amount of unpaid Assessments then levied against the Unit in accordance with the Act.

Section 4.15 Surplus Funds. The Association shall apply, pay, or credit any surplus funds:

- (a) to the Association's reserve account;
- (b) to the Owners in proportion to their Allocated Interests; or
- (c) against future Assessment in proportion to the Owner's Allocated Interest.

Section 4.16 Borrowing. The Association may borrow money and assign future income, including its right to receive Allocated Interests Assessments, but only upon the affirmative vote of a majority of present and voting, at a meeting called in accordance with the Bylaws.

ARTICLE 5. MAINTENANCE RESPONSIBILITIES

Section 5.1 Owner's Maintenance Responsibilities.

(a) Each Owner shall clean, maintain, repair, replace, improve, and keep in good repair all portions of its Unit, except any portion of a Unit which is the Association's maintenance obligation under Section 5.2. The Association may adopt more detailed Rules and Regulations governing Owners' maintenance responsibilities. This maintenance responsibility includes the responsibility to keep clean, maintain, repair, replace, or improve:

- (i) the materials making up the finished surfaces of the walls, floors, and ceilings;
- (ii) the exterior cleaning of glass surfaces;
- (iii) the exterior cleaning of exterior surfaces, including siding and exterior paint;
- (iv) interior doors, sliding glass doors, doorways, door frames, and hardware that are part of the entry system of a Unit;
- (v) plumbing and mechanical pipes, lines, ducts, conduits, or other apparatus that serve only the Unit, whether located within or outside the boundaries of the Unit;
- (vi) all communications, television, telephone, cable, and electrical lines, conduits, receptacles, and boxes that serve only the Unit from the point where the lines enter the Unit;
- (vii) patio decking and railing appurtenant to Unit;
- (viii) hot water heaters and associated pipes, lines, or other apparatus which serve the Unit;
- (ix) any light fixtures and light bulbs in a unit's patio or balcony area;
- (x) any portion of the heating and air conditioning systems including the air conditioning compressor and fan coil serving the Unit, whether located within or outside the boundaries of the Unit;
- (xi) pest control within the Unit; and
- (xii) snow removal from the entrance and sidewalk accessing the Unit.

(b) In addition, each Owner shall:

- (i) keep any Limited Common Elements serving or appurtenant to their Unit in a neat, clean, and sanitary condition, free and clear of personal property, water, snow, ice, trash, and debris;
- (ii) perform their responsibility in a manner so as not to unreasonably disturb other Residents;
- (iii) promptly report to the Association any defect or need for repairs for which the Association bears responsibility;
- (iv) pay the cost of repairing, replacing, or cleaning up any damage caused by the willful or negligent act of the Owner, the Residents of the Owner's Unit, or the Owner's Licensees;
- (v) repair incidental damage to another Unit, the Common Elements, or Limited Common Element resulting from performance of work that is the Owner's responsibility.

(c) The Association may require any Owner to do any act or perform any work involving portions of the Community which are the Owner's maintenance responsibility.

(d) If any Owner does not comply with any requirement under this Section 5.1, the Association shall provide the Owner with written notice, after which the Association may perform the required act or work at the Owner's cost. The Association may assess the cost to the Owner as a Specific Unit Assessment. The Association may enter Units to perform any work described in this Section 5.1 during reasonable hours and after reasonable notice to the Owner and the Residents.

Section 5.2 Maintenance by the Association.

(a) The Association shall maintain, replace, and improve the Common Elements and Limited Common Elements, including:

- (i) the structural integrity of the Building, including each Building's foundation;
- (ii) all pipes, lines, ducts, conduits, or other apparatus serving each Building; and
- (iii) all communications, television, telephone, cable and electrical lines, receptacles and boxes until the lines enter the Unit.

(b) The Association may relocate any portion of the air conditioning, heating, plumbing, ventilating, exhaust, or electrical system serving a particular Unit.

(c) With the approval of a majority of Allocated Interests, the Association may assume additional maintenance, repair, or replacement responsibilities.

Section 5.3 Maintenance Standards and Interpretation. The maintenance standards and enforcement and interpretation of maintenance obligations under this Declaration may vary from one term of the Board to another. These variances will not constitute a waiver by the Association of its right to enforce maintenance standards under this Article 5.

Section 5.4 Liability for Damage.

(a) The Association shall repair incidental damage to any Unit resulting from any work the Association performs.

(b) The Association is not liable for injury or damage to a Person or property caused by the weather, any Owner, any other Person, any utility, rain, snow, or ice that leak or flow from the Common Elements, or from any pipe, drain, conduit, appliance, or equipment that the Association is responsible to maintain except for injuries or damages arising after a Person has provided written notice to the Association of the specific condition or risk, and the Association has failed to exercise due care to correct the condition or risk within a reasonable time. The Association is not liable to any Person for damage or injury caused by the Association's failure to discharge its responsibilities under this Article 5 where the damage or injury is not a foreseeable and natural result of the Association's failure to discharge its responsibilities. Owners shall not claim any diminution or abatement of Assessments because of any alleged failure of the Association to take an action or perform a function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from repairs or improvements which are the Association's responsibility, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any governmental authority.

Section 5.5 Mold and Mildew. The Association and the Owners shall:

- (a) promptly investigate to determine the source of any water leaks and the extent of the condition upon the discovery of any water leaks;
- (b) repair any leaks in their respective maintenance areas;
- (c) ensure that any building material that absorbed water and has not been completely dried is removed and replaced; and
- (d) clean any area where mold or mildew appears with industry-accepted products designed to inhibit the growth of mold or mildew.

Section 5.6 Radon. Owners may test for the presence of radon gas and purchase and install devices to detect or mitigate radon gas. If the devices require exterior modifications to the Unit, the Owner must obtain prior written consent from the Association in accordance with Article 6. Each Owner shall hold the Association harmless from any claim or liability related to radon gas. Passive radon mitigation systems have been implemented in the construction of each Building.

Section 5.7 Inspection, Maintenance, Repair and Replacement of High-Risk Components.

(a) The Association may determine which fixtures and appliances constitute High-Risk Components.

(b) The Association may require one or more of the following regarding High-Risk Components:

- (i) High-Risk Components must be replaced or repaired at specified intervals;
- (ii) High-Risk Components must be replaced or repaired with items or components meeting particular standards or specifications the Association establishes;
- (iii) that when High-Risk Components are repaired or replaced, the installation includes additional components or installments;
- (iv) that High-Risk Components be replaced or repaired by contractors having particular licenses, training, or professional certification or by contractors approved by the Association; and
- (v) if the replacement or repair is completed by an Owner, that the High-Risk Components be inspected by the Association.

(c) This Section 5.7 does not relieve an Owner of their obligation to perform and pay for all maintenance, repairs, and replacement of High-Risk Components.

(d) If any Owner fails or refuses to maintain, repair, or replace a High-Risk Component in accordance with the requirements established by the Association, the Association may enter the Unit to inspect, repair, maintain, or replace the High-Risk Component and charge the cost to the Owner as a Specific Unit Assessment.

Section 5.8 Failure to Maintain. If the Association determines that an Owner has failed or refused to comply with its obligations under this Article 5, the Association shall give the Owner written notice. The notice must set forth the maintenance, repair, or replacement deemed necessary by the Association with reasonable particularity. If the Owner fails to complete maintenance or repair within the timeframe proscribed by the Association, the Association may perform the

maintenance, repair, or replacement at the Owner's expense. The Association may levy the costs against the Owner as a Specific Unit Assessment.

ARTICLE 6. ARCHITECTURAL CONTROLS

Section 6.1 Architectural Covenants. Owners, Residents, and other Person shall not, without obtaining the Association's prior written approval:

- (a) make any changes that may affect the structural integrity of the Unit, Building or affect the Utility Systems;
- (b) make any encroachment onto the Common Elements or Limited Common Elements; or
- (c) make any exterior change, alteration, or construction.

Section 6.2 Alteration of Units.

(a) Alterations to the Interiors of the Units.

(i) Owners may make interior modifications or alternations to their Units that do not affect the Common Elements, Limited Common Elements, or structure or load-bearing portions of a Unit without the Association's prior consent.

(ii) Owners desiring to make any interior modifications or alterations to their Units that may affect the Common Elements, Limited Common Elements, or structure or load-bearing portions of a Unit apply to the Association in accordance with Section 6.3. If an Owner makes an interior modification to or places an excessive load on any structural or load-bearing portions of a Unit that results in injury or damages to another Unit, Common Element, or Limited Common Element, the Owner shall indemnify and hold harmless the affected Owners and the Association from any and all claims, fines, judgments, penalties, costs, liabilities or losses and all sums paid from settlement of claims, attorney's fees, consultant and expert fees, arising from the Owner's acts or omissions.

(b) Combining Units. Owners shall not alter the intervening partitions between Units. No Units may be combined without the prior written consent of the Association.

(c) Relocation of Boundaries. Owners shall not relocate boundaries between Units.

(d) Subdivision of Units. Owners shall not subdivide a Unit into a smaller Units.

Section 6.3 Action by the Association. The Association is the sole arbiter of applications for architectural modifications and may withhold its approval for any reason not prohibited by the Act. The Association may adopt Rules and Regulations regarding architectural modifications. Owners shall submit applications for architectural modifications in writing and provide any information the Association reasonably requires to evaluate the application, including reports and drawings prepared by licensed engineers and architects. Owners shall comply with all building code requirements and obtain all required government permits. As a condition of approval, an Owner and its successors-in-interest shall assume all responsibility for maintenance, repair, replacement, and insurance of the modification unless the Association otherwise agrees in writing. The Association may require an Owner to execute an agreement setting forth the conditions of approval and record the agreement in the real property records of the San Juan County, Colorado.

Section 6.4 Authority of Association to Engage Consultants. The Association may select and engage professional consultants to assist in reviewing applications and inspect work performed.

The Owner who applies for an architectural modification shall pay the costs of consultants engaged whether or not the application is approved. The Association may require payment of costs prior to reviewing and approving an application.

Section 6.5 Encroachments onto Common Elements. The Association may provide written consent to allow an Owner to make encroachments onto the Common Elements or Limited Common Elements. The Association may require that any unapproved change, alteration, or construction to the Common Elements or Limited Common Elements be removed.

Section 6.6 Variances. The Association may grant variances or adjustments from any restrictions imposed by this Declaration or the Rules and Regulations to overcome practical difficulties and unnecessary hardships with respect to topography, natural obstructions, aesthetic, or environmental considerations if such variance is not materially detrimental or injurious to other Units, Common Elements, or Limited Common Elements. All variances are to be in writing. For purposes of this Section 6.6, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing are not considered a hardship warranting a variance.

Section 6.7 No Waiver of Future Approvals. The Association's approval of any application does not waive the Association's right to withhold approval to any similar application in the future.

Section 6.8 Enforcement. The Association may stop any construction that does not conform to the approved application. The Association may also stop any construction if the Owner fails to submit an application and obtain written approval from the Association prior to commencing construction. The Association may require an Owner to remove any improvement or modification and restore the property to its prior condition if the Owner fails to obtain the Association's prior written approval or constructs improvements in a manner that does not conform to the approved application. The Association may impose fines if the Owner fails to obtain prior written approval or constructs in a manner that does not conform to the approved application.

ARTICLE 7. COVENANTS AND USE RESTRICTIONS

Section 7.1 Covenants and Use Restrictions in General. All Real Estate will be held, used, and enjoyed subject to the covenants and use restrictions in this Article 7.

Section 7.2 Owner's Responsibility for Compliance. Owners shall ensuring that the Residents and Owner's Licensees comply with Article 7. The Association may take action against the Owner for a violation committed by the Residents of the Owner's Licensees as if the Owner committed the violation.

Section 7.3 Use of Units.

(a) Residential and Ancillary Business Uses.

(i) Each Unit is to be used primarily for residential purposes. No trade or business may be conducted from a Unit or any part of the Community, except that Residents may conduct ancillary business activities within the Unit if the business activity:

(A) is not apparent or detectable by sight, sound, or smell from outside of the Unit;

(B) does not involve visitation to the Unit by employees, clients, customers, suppliers, or other business invitees in greater volume than would normally be expected for guests visiting a residential Unit without business activity;

(C) complies with all zoning requirements;

(D) does not increase traffic in the Community in excess of what would normally be expected for Units in the Community without business activity;

(E) does not increase the insurance premium paid by the Association or otherwise negatively affect the Association's ability to obtain insurance coverage;

(F) is consistent with the Community's residential character and does not constitute a nuisance, hazardous, or offensive use, or threaten the security or safety of other Residents; and

(G) does not result in a materially greater use of Common Elements, Limited Common Elements, or Association's services.

(ii) The terms "business" and "trade" used in this Section 7.3 have their ordinary and generally accepted meanings and include any occupation, work, or activity undertaken on an ongoing basis that involves the provision of goods or services to Persons other than the Resident's family and for which the Resident receives a fee, compensation, or other form of consideration, regardless of whether:

(A) the activity is engaged in full or part-time;

(B) the activity is intended to or does generate a profit; or

(C) a license is required for the activity.

(b) Occupancy. If an Owner is a corporation, partnership, trust, or other legal entity which is not a natural Person, the Owner shall designate in writing to the Association the names of the Residents.

(c) Prohibition Against Same Natural Person Owning More Than One Unit. No natural Person may own more than one Unit without the prior written consent of the Association.

(d) Leasing. The Community is restricted to occupancy primarily by Owners. Except as provided for in the Affordability Covenants, occupancy and leasing of Units is prohibited. But if an Owner leases its Unit in compliance with the Affordability Covenants, the Owner shall designate in writing to the Association the names of the Residents.

Section 7.4 Use of Common Elements. Owners, Residents, and Licensees shall not obstruct the Common Elements, nor may anything be kept or stored on or removed from the Common Elements without the Association's prior written consent. The Association is not liable to any Owner, Resident, or Licensee for loss or damage, by theft or otherwise, of any personal property which may be stored in or on any Common Element. If the Association determines that a violation exists, then, after written notice is placed on the personal property or on the front door of the personal property owner's Unit, the Association may remove and either discard or store the personal property. Neither the Association nor its agents have any obligation to return, replace, or reimburse the personal property's owner. The notice must include the name and telephone number of the Person who removed the property and the name and telephone number of a Person to contact regarding the violation. If the Association determines an emergency exists, the Association may

remove the personal property without prior notice. The Association impose fines or use other remedies rather than exercise its authority to remove personal property.

Section 7.5 Use of Limited Common Elements. The use of the Limited Common Elements is restricted exclusively to the Owner and Residents of the Unit to which the Limited Common Element is assigned and their Licensees. The Association may adopt Rules and Regulations governing the use of Limited Common Elements. Owners and Residents assume all responsibility for the safekeeping of personal property on or in Limited Common Elements and hereby release the Association from all claims, damages, fines, judgments, costs, and liabilities arising out of theft or casualty as to personal property stored on or in Limited Common Elements.

Section 7.6 Compliance with Laws and Insurance Requirements. Nothing may be done or kept in the Community that would:

- (a) increase the rate of insurance on the Community or any Unit;
- (b) violate any statute, rule, ordinance, regulation, permit, or other validly imposed requirements of any governmental body, including those certain affordability covenants; or
- (c) increase the Common Expenses.

Section 7.7 Prohibition of Nuisance.

(a) Residents shall not conduct activities within a Unit or use a Unit in a manner that unreasonably interferes with or causes unreasonable disruption to another Resident's use and quiet enjoyment of its Unit.

(b) Residents shall not carry on noxious, destructive, offensive, or unsanitary activity within the Community. Residents shall not use or allow the use of a Unit or any portion of the Community that may endanger persons or property, unreasonably annoy, disturb, or cause embarrassment or discomfort to other Residents, or constitute a nuisance. The Association may adopt Rules and Regulations that define specifically prohibited nuisances.

(c) The Association and aggrieved Residents may seek legal redress against a Resident for actions, activities, or conduct that unreasonably disturbs or impairs their peaceful and safe enjoyment. The Association may require aggrieved Residents to seek redress personally before the Association intervenes and commences enforcement action. Owners and Residents shall not seek legal redress against the Association for any loss, damage, for failure to enforce this Section 7.7 until the aggrieved Owner or Resident has pursued legal action against the offending Resident.

Section 7.8 Pets. The Association may adopt Rules and Regulations regulating household pets. Residents shall indemnify and hold the Association harmless from any loss, claim, or liability related to their keeping or maintaining pets within the Community.

Section 7.9 Vehicles and Parking. The Association shall assign a parking space to each Unit. The parking spaces are Limited Common Elements. The Association may assign parking spaces to accommodate persons with disabilities. The Association may adopt Rules and Regulations regulating parking.

Section 7.10 Heating of Units in Colder Months. To prevent water pipes from breaking during cold weather, the Units' thermostats must be maintained at a minimum temperature of 55° Fahrenheit whenever the temperature is forecasted to or reaches 32° Fahrenheit or below. Owners and Residents shall take all reasonable steps to ensure heating equipment in good

working order. When the heating equipment is not working properly, the Owner or Resident shall immediately inform the Association. The Association may fine any Owner or Resident for failing to maintain the minimum temperature in its Unit, and Owners will bear financial responsibility for any loss, damage, or claim related to their failure to maintain heat in their Units according to this Section 7.10.

Section 7.11 Signs. The Association may adopt Rules and Regulations regulating signs within the Community that comply with the Act and other applicable laws.

Section 7.12 Trash and Garbage. Residents shall regularly remove all trash and garbage from their Units. Residents shall not place trash and garbage on the Common Elements or Limited Common Elements. Residents shall dispose of trash and garbage in appropriate sealed bags and place the sealed bags in the trash cans or dumpsters designated by the Association.

Section 7.13 Antennas and Satellite Dishes. The Association may adopt Rules and Regulations regulating the installation and use of antennas and satellite dishes.

Section 7.14 Marijuana Use and Growth. The Association may adopt Rules and Regulations regulating the use and growth of marijuana.

Section 7.15 Rules and Regulations. The Association may adopt, amend, and repeal Rules and Regulations concerning and governing the Units, Common Elements, and Limited Common Elements subject to the following:

(a) Uniformity. The Association shall reasonably and uniformly apply Rules and Regulations. The Association shall treat similarly situated Owners and Residents similarly.

(b) Copies. The Association shall make copies of Rules and Regulations available to each Owner and Resident upon request.

(c) Required Compliance. Each Owner and Resident shall comply with the Rules and Regulations.

(d) Authority of the Rules and Regulations. The Rules and Regulations have the same authority, force, and effect as if they were stated in full in this Declaration. If conflict exists between the Rules and Regulations and this Declaration, this Declaration prevails.

(e) Compliance with the Act. The Rules and Regulations must comply with the Act and other applicable laws.

Section 7.16 Use of the Phrases. Owners and Residents shall not use the phrases “Anvil Townhomes”, “Anvil Townhomes, a condominium community”, or the logo of the Community or Association without the prior written consent of the Association.

Section 7.17 Short Term Rentals. Any rental of a Unit or a room therein for lease for a term less than six consecutive months is strictly prohibited.

Section 7.18 Affordability Covenants. Owners and Residents must abide those certain covenants recorded in the real property records against the Community and each Unit.

ARTICLE 8. INSURANCE

Section 8.1 Association's Insurance. The Association shall obtain and maintain property insurance, commercial general liability insurance, and fidelity insurance as required by the Act. With respect to each of these policies:

(a) The cost of insurance is a Common Expense, and the Owners shall pay the cost of insurance as an Insurance Assessment. The Association may increase the level of insurance coverage above what the Act requires.

(b) If the Association ceases to carry property, commercial general liability, or fidelity insurance for any reason, the Association shall provide written notice to the Owners and Residents.

(c) The Association shall provide certificates of insurance to any Owner or Resident upon written request.

(d) The Association shall periodically review the insurance policies to determine if the policies are adequate.

Section 8.2 Insurance Deductibles. The Association may adopt a Governance Policy regarding responsibility for deductibles. If the Association does not adopt a Governance Policy regarding responsibility for deductibles, deductibles on the Association's policies are to be paid by the Persons who bears responsibility for the repair caused by the casualty. If the casualty affects more than one Unit, or a Unit and the Common Elements or Limited Common Elements, the Association may equitably apportion the deductible among the Persons suffering loss in proportion to the total cost of repair. However, if the insurance policy provides that the deductible applies to each Unit separately or to each occurrence, each Owner bears responsibility for paying the deductible pertaining to their Unit. If an Owner fails to pay the deductible when required under this Section 8.2, then the Association may pay the deductible and assess the cost to the Owner as a Specific Unit Assessment.

Section 8.3 Owners' Insurance.

(a) Owners shall obtain and maintain property insurance equal to the full insurable replacement value of their Units not insured by the Association's policies. Upon request, Owners shall furnish a certificate of insurance to the Association.

(b) Owners bear responsibility for obtaining and maintaining property insurance for their personal property and liability insurance for events occurring within their Units and the Limited Common Elements. The Association bears no liability for an owner's failure to maintain required insurance.

Section 8.4 Source and Allocation of Proceeds. If the insurance proceeds are not sufficient to pay the costs of reconstruction and repair due to Association's failure to maintain the coverage required by Section 8.1 or the insurance policy's deductible, the Owners shall pay the additional cost as a Common Expense. If the insurance proceeds are not sufficient to pay the costs of reconstruction and repair for any other reason, the Association shall assess the additional costs in proportion to the damage to the Units or Limited Common Elements as Specific Unit Assessments or as a Common Expense to cover damage to the Common Elements. If surplus funds remain after reconstruction and repair, those funds are common funds of the Association.

Section 8.5 Repair and Reconstruction Requirements. If a casualty damages or destroys all or any part of the Community, the Association must arrange for and supervise the prompt repair and

restoration of the structure unless Owners holding at least 67% of the Allocated Interest, including the Owners of any damaged Units, and First Lien Holders that represent at least 51% of the votes of Units that are subject to a first-lien mortgage vote not to proceed with the reconstruction and repair. In the event of substantial damage or destruction, the Association shall provide written notice to each First Lien Holder and nothing in this declaration affords a priority to any Owner with respect to the distribution of insurance proceeds over any First Lien Holder.

Section 8.6 Claims and Adjustments by the Association. The Association shall adjust any loss covered by an Association insurance policy. The insurance proceeds for a loss are payable to the Association and not to any First Lien Holder. The Association shall hold any insurance proceeds for the repair or restoration. The Association is not entitled to use insurance proceeds for other purposes unless there is a surplus after the damaged property has been completely repaired or restored.

Section 8.7 Construction Fund. The insurance proceeds collected because of a casualty and the funds collected by the Association as Assessments because of the casualty constitute a construction fund. The Association shall disburse the construction funds to pay for reconstruction and repair to the contractors and design professionals performing the reconstruction or repair.

Section 8.8 Managing Agent's Insurance. The Managing Agent, if any, must maintain fidelity insurance in compliance with the Act.

ARTICLE 9. MORTGAGE HOLDER'S RIGHTS

Section 9.1 Abandonment or Termination. Unless First Lien Holders representing at least 51% of the Allocated Interest subject to a first-lien mortgage and Owners holding at least 67% of Allocated Interests give their written consent, the Association shall not terminate the Community (except in the case of eminent domain or substantial destruction, as governed by this Declaration).

Section 9.2 Liability for Assessments. Where a mortgage holder of record or other purchaser of a Unit obtains title pursuant to judicial or non-judicial foreclosure of the mortgage, the mortgage holder or other purchaser is only liable for Assessments as provided in the Act. Any unpaid Assessments are a Common Expense collectible from Owners including the purchaser.

Section 9.3 Notice to First Lien Holders. Upon written request to the Association identifying the name and address of the First Lien Holder and the Unit number, the Association shall provide written notice to any First Lien Holder of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Community or the Unit on which it holds a first-lien mortgage;
- (b) any delinquency in the payment of Assessments owed by an Owner subject to a First Lien Holder's first-lien mortgage that remains unsatisfied for sixty days or more;
- (c) any default in the performance by an Owner or Resident of a Unit on which a First Lien Holder holds its first-lien mortgage of any other obligation under the Governing Documents which the Owner or Resident does not cure within sixty days;
- (d) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(e) any proposed action which would require the consent of a specified percentage of First Lien Holders.

Section 9.4 No Priority. This Declaration does not give any Owner priority over the First Lien Holder in the distribution of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.

Section 9.5 Notice to Association. Upon the Association's request, each Owner shall furnish to the Association the name and address of any First Lien Holder holding a first-lien mortgage on the Owner's Unit.

ARTICLE 10. DEVELOPMENT RIGHTS

Section 10.1 Development Rights. The Declarant reserves, for ninety-nine years after the recording of this Declaration, the following Development Rights:

- (a) to complete improvements shown on the Map;
- (b) to exercise any rights granted to the Declarant in this Declaration;
- (c) to amend the use restrictions in Article 7;
- (d) to appoint or remove Officers and Directors during the Declarant Control Period;
- (e) to amend this Declaration according to Section 13.4;
- (f) to use and to permit others to use easements through the Common Elements and Limited Common Elements;
- (g) to maintain mobile and other sales offices, management offices, and models on Units owned by the Declarant;
- (h) to maintain signs and advertising throughout the Community;
- (i) to perform warranty work and repairs, and store materials in secure areas, including Units, Limited Common Elements, and Common Elements;

Section 10.2 Rights Transferrable. The Declarant may transfer any of the Development Rights in accordance with the Act.

Section 10.3 No Further Authorizations. Except as set forth in this Declaration, the Declarant does not need the consent of Owners or First Lien Holders to exercise any Development Rights.

ARTICLE 11. CONSTRUCTION DEFECT ACTIONS

Section 11.1 Purpose. Any Construction Defect Action must be pursued according to this Article 11. This Article 11 cannot be amended, rescinded, or otherwise modified without the prior written consent of Declarant regardless of whether the Declarant Control Period has ended or whether Declarant then owns any property governed by this Declaration. This Article 11 does not apply to:

- (a) any action by the Association to assess or collect any Assessments or to enforce or foreclose any lien for Assessments;
- (b) any action by Declarant to enforce its Development Rights;
- (c) any action relating to the enforcement or discharge of any mechanic's lien on any Unit;

(d) any suit to compel mediation or arbitration of a claim or to enforce any award or decision of an arbitration conducted in accordance with this Article 11; or

(e) any suit to enforce a settlement agreement reached through negotiation or mediation.

Section 11.2 Right to Inspect and Repair.

(a) Construction and Design Professionals may access the Community (including the subject Unit) at a reasonable time to inspect the Community (including the subject Unit) and investigate the Construction Defect Action.

(b) Construction and Design Professionals may repair, replace, and restore any improvements including the Units, Common Elements, and Limited Common Elements, to resolve a Construction Defect Action.

Section 11.3 Association Construction Defect Claims. The Association may only commence a Construction Defect Action according to the Act.

Section 11.4 Arbitration. As the exclusive means of resolving through adversarial dispute resolution any Construction Defect Actions, a party shall demand that the dispute be resolved by arbitration administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules. Each party hereby consents to any such disputes being resolved by arbitration. Judgment on the award rendered in any arbitration may be entered in any court having jurisdiction. The arbitrator must be a licensed attorney or retired judge with a minimum of ten years' experience in construction defect litigation.

Section 11.5 Waiver of Jury Trial. THE OWNERS AND THE DECLARANT HEREBY WAIVE ANY RIGHTS TO TRIAL, INCLUDING TRIAL BY JURY IN A COURT OF LAW, IN ANY CONSTRUCTION DEFECT ACTION.

Section 11.6 Waiver of Damages. The Owners and the Declarant hereby waive the right to seek or recover special, secondary, consequential, incidental, punitive, or exemplary damages, damages for mental anguish or emotional distress, damages for pain or suffering, and damages for noneconomic loss or injury or for derivative economic loss or injury.

Section 11.7 Confidentiality. The Owners and the Declarant shall treat as confidential and not disclose any pleadings, proceedings, and information exchanged or disclosed during the Construction Defect Action, nor the existence, content, or result of the proceeding except:

(a) as necessary in connection with the prosecution or defense of the arbitration; or

(b) to comply with an obligation imposed by law.

ARTICLE 12. AUTHORITY AND ENFORCEMENT

Section 12.1 Compliance With and Enforcement of Governing Documents.

(a) Compliance Required. Every Owner, Resident, and Licensee shall comply with the Governing Documents. Owners and Residents may take action to enforce the terms of the Governing Documents against another Owner or Resident.

(b) Association Remedies. The Association may enforce the Governing Documents and may impose sanctions for their violation. The Association may:

(i) impose monetary fines in accordance with the Act;

- (ii) suspend an Owner's right to vote;
- (iii) suspend any services provided by the Association to an Owner, a Resident, or the Owner's Unit if the Owner is more than thirty days delinquent in paying any Assessment or other charge owed to the Association;
- (iv) exercise self-help or action to abate any violation of the Governing Documents, subject to any requirements in this Declaration or the Act;
- (v) require an Owner, at the Owner's expense, to remove any improvement in the Unit, Limited Common Elements, or Common Elements that violate the Governing Documents and restore the Unit, Limited Common Elements, or Common Elements to its previous condition and, upon the Owner's failure to do so, the Association may enter the Unit, Limited Common Element, or Common Element and remove the violation and restore the Unit, Limited Common Element, or Common Elements to substantially the same condition as previously existed;
- (vi) record a notice of violation against the Unit identifying any uncured violation;
- (vii) institute a civil action to enjoin any violation or to recover monetary damages or both; and
- (viii) other remedies provided for in this Declaration or applicable law.

Section 12.2 Failure to Enforce. The Association has the discretion to pursue enforcement action in any particular instance. The Association's failure to enforce the Governing Documents in a particular instance is not to be deemed a waiver of its right to do so in a later instance.

ARTICLE 13. AMENDMENTS OR TERMINATION

Section 13.1 Amendment by Owners. This Declaration and the Map may be amended by the affirmative vote, written agreement, or any combination of affirmative vote and written agreement of the Owners holding at least 67% of the Allocated Interests. Every amendment must be prepared, executed, recorded, and certified in accordance with the Act.

Section 13.2 Mortgage Holder Approval. First Lien Holders representing a majority of Allocated Interests must approve any amendment to this Declaration that materially and adversely affects them. The Association shall deliver the proposed amendment by certified mail to each First Lien Holders' address shown on the recorded deed of trust or recorded assignment. First Lien Holders that do not respond to a proposed amendment within thirty days will be deemed to have consented to the proposed amendment.

Section 13.3 Amendments by Board. The Association may amend this Declaration to correct any scrivener's errors or to bring the Community into compliance with applicable rules and regulations of the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development and the Veterans Administration or any successor governmental agencies.

Section 13.4 Amendments by Declarant. The Declarant may amend this Declaration for any purposes permitted by the Act without the consent of Owners or First Lien Holders.

Section 13.5 Required Consent of Declarant to Amendment. Any amendment of this Declaration that could detriment the Declarant will not be effective unless the Declarant has given

its written consent. The requirement will terminate ninety-nine years after the recording of this Declaration. This Section 13.5 inures to the benefit of Declarant, is enforceable by Declarant, and cannot be amended without the written consent of Declarant.

ARTICLE 14. GENERAL PROVISIONS

Section 14.1 Security. The Association may provide measures or take actions related to security in the Community. However, each Owner, Resident, and Licensee acknowledges that the Association does not have a duty to provide security in the Community. Each Owner, Resident, and Licensee bears responsibility to protect their person and property. Owners and Residents shall not prop exterior doors open or disable secure entry systems on exterior doors. The Association is not liable for any loss or damage caused by the Association's failure to provide adequate security or ineffectiveness of measures undertaken.

Section 14.2 Severability. If a dispute arises out of this Declaration or the subject matter of this Declaration, a court or arbitrator shall interpret this Declaration as follows:

- (a) with respect to any provision it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision;
- (b) if an unenforceable provision is modified or disregarded in accordance with this Section 14.2, by holding that the rest of the Declaration will remain in effect as written;
- (c) by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable; and
- (d) if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Declaration, by holding the entire Declaration unenforceable.

Section 14.3 Conflicts. If any conflict exists between this Declaration and any other Governing Document, this Declaration will control.

(signature pages follow)

DECLARANT

Anvil Townhomes LLC, a Colorado limited liability company

By: Silverton Housing Authority, a Colorado body corporate and politic, its Manager

By: _____

Anne Chase, Executive Director

STATE OF COLORADO

)

) ss.

COUNTY OF _____

)

The foregoing Declaration was acknowledged before me by Anne Chase, Executive Director of the Silverton Housing Authority, manager of Anvil Townhomes LLC, on this ____ day of _____, 202__.

Notary Public: _____

My commission expires: _____

Exhibit A

Legal Description of the Real Estate

TRACT I ALL OF ANVIL MOUNTAIN SIMPLE SUBDIVISION 1, ACCORDING TO THE PLAT THEREOF FILED FOR RECORD AUGUST 25, 2025 AS RECEPTION NO. 156089. TRACT II ALL OF ANVIL MOUNTAIN SIMPLE SUBDIVISION 2, ACCORDING TO THE PLAT THEREOF FILED FOR RECORD AUGUST 25, 2025 AS RECEPTION NO. 156090.

Exhibit B
Recorded Easements and Licenses Appurtenant to the Community

[EASEMENT FOR UTILITIES FOR SINGLE FAMILY HOME]

DRAFT

Exhibit C
List of Units

Unit
655 W 5 th Street, Unit A, Silverton, Colorado 81433
655 W 5 th Street, Unit B, Silverton, Colorado 81433
655 W 5 th Street, Unit C, Silverton, Colorado 81433
655 W 5 th Street, Unit D, Silverton, Colorado 81433
701 Martha Rose Street, Unit A, Silverton, Colorado 81433
701 Martha Rose Street, Unit B. Silverton, Colorado 81433
701 Martha Rose Street, Unit C, Silverton, Colorado 81433
701 Martha Rose Street, Unit D, Silverton, Colorado 81433

Exhibit D

List of Assigned Parking Spaces

Unit	Assigned Parking Space
655 W 5 th Street, Unit A	
655 W 5 th Street, Unit B	
655 W 5 th Street, Unit C	
655 W 5 th Street, Unit D	
701 Martha Rose Street, Unit A	
701 Martha Rose Street, Unit B	
701 Martha Rose Street, Unit C	
701 Martha Rose Street, Unit D	