

**Rural Homes Deed Restriction
Norwood Summary Sheet
2/22/2022**

- A Deed Restriction (DR) & Guidelines exist for each RH project; both legal documents govern each home, but the Guidelines provide more detailed explanation.
- The DR & Guidelines are managed and enforced by a regional Housing Authority (HA).
- The term of DR is 100 years which shall reset upon each transfer of a unit.
- Exception & Appeals process: We recognize that the DR & Guidelines won't address every specific situation; therefore, an Exception & Appeals process has been established with the housing authority.
- Qualified Owners & Households must meet each of the following requirements:
 - **Minimum Work Standard** – at least one member of the household, who is an owner shall be a Qualified Employee – who works 1,200 hrs. (a minimum of 40 hrs/month for at least 8 of the last 12 months) physically in the Norwood R2-j School District (R2-j). Exemptions from Minimum Work Standard include Qualified Elderly and Qualified Disabled.
 - **NOTE: Remote Workers:** Persons who physically work in the R2-j either as self-employed or for a business outside of the R2-j are eligible for all of the benefits of other local workers as long as the other standards are met.
 - **Earned Income Standard** – Qualified Owners must work for a living. Total Household earned income must be at least 75% of the total Household. Unearned Income cannot exceed 25% of total Household Income. Households must qualify for the AMI standard associated with their unit Exemptions from the earned income standard include Qualified Elderly and Qualified Disabled.
 - **Area Median Income (AMI)-** Households must qualify for the AMI limitation associated with their unit.
 - **Residency Standard** – there is no length of residency requirement prior to ownership or tenancy but applicants must actually occupy the unit as their sole and primary residence.
 - **Property Ownership Standard** – in general, no member of a Household can own any other Improved Residential Property within a 150 mile radius from the Housing Unit. There is a grace period for an applicant to sell other Improved Residential Property they own within 1 year.
 - **Net Assets Standard** - Total net assets shall not exceed 3 times the Original Purchase Price of the unit.
- A Household must maintain qualification continuously as long as it rents or owns a unit as follows:
 - **Continuing Minimum Work Standard** – at least 1 member of the Household must be a Qualified Employee who meets Minimum Work Standards.
 - **Continuing Earned Income Standard** – Households shall meet the Earned Income Standard.

- **Continuing AMI Standard** - Household Net Income/AMI shall not be considered for ongoing qualification for Owners. Tenant households shall continue to meet the AMI for the Unit's designated tier.
- **Continuing Residency Standard** – Qualified Households shall occupy the unit for at least 8 of every 12 months. Households may apply for a leave of absence.
- **Ownership of Improved Residential Property** – the Household cannot own other Improved Residential Property unless given an exception.
- **Continuing Net Assets Standard** – Total Net Assets shall not exceed 4 times the Original Purchase Price of the unit.
- **Selling Unit**-When owner wants to sell the unit:
 - Notice must be given to HA prior to marketing, sale or refinancing.
 - In order to keep the units affordable over time, price appreciation is limited (see Maximum Sales Price, below).
 - The HA will provide the Owner with the Maximum Sales Price (MSP) of the unit.
 - Upon sale, Buyer of unit pays HA a 1% transfer tax (unless Buyer has already paid such tax in a prior Pinion Park Project or San Miguel County deed-restricted property transaction).
 - Beneficiaries have right and option to purchase unit for the MSP or at the offered sales price (Beneficiaries include: San Miguel County, Rural Homes LLC, and HA).
 - Maximum Sales Price:
 - There is no guarantee that seller will receive MSP.
 - Equals the **Original Purchase price plus 3% per year** from the date of purchase to the date of Owner's Notice of Intent to Sell (compounded annually and prorated at the rate of .25% per each whole month of any part of a year); Plus costs of any public improvements for which assessments imposed; Plus costs of permitted capital improvements, not to exceed 10%.
 - Appreciation of unit will stop while a Household is in violation of the DR.
 - A unit must meet minimum standards as listed in Guidelines to qualify at MSP. Certain capital improvements as defined in Guidelines and approved by HA may be considered in determining the MSP.
- Owners can rent an entire unit or a room:
 - Renters of a unit must qualify as a Household.
 - A renter of a room is considered independently, and their income and assets are not included in the Owner's Household income or assets.
 - Tenants shall be qualified by HA and:
 - One member of Tenant Household must be a Qualified Employee.
 - Tenant Household shall meet Minimum Work, Earned Income, Residency, Property Ownership & Net Asset Standards.
 - Tenant household's Income (AMI) Eligibility determined by unit's income tier at time of initial tenancy.
 - Maximum rental rate per unit is set by HA.
- **Non-Traditional Owners:**
 - **San Miguel County:** San Miguel County donated the land to build Pinion Park and is allowed to purchase up to 5 units, which can be sold or rented to San Miguel County

Employees who work for San Miguel County both in and outside of the Norwood R2-j School District. San Miguel County units may also be sold or rented to Qualified Households.

- **Business Owners:** Certified Business Owners may own up to two units for rental to Qualified Households. Certified Business Owners are classified as Unqualified Applicants for the initial sales lottery. See Lottery below.
- **Life Changes:**
 - **Disabled and Retired Persons:** Allowances are made for persons who qualify to own or rent a unit that, later, become disabled or wish to retire.
 - Qualified Elderly – those who are 65 years or older may apply to be Qualified Elderly by providing a verifiable history of employment meeting the Minimum Work Standard on a rolling 12 month basis for at least 5 or the 7 years within the County.
 - Qualified Disabled – a person can apply to be Qualified Disabled by providing a verifiable history of employment meeting the Minimum Work Standard on a rolling 12 month basis for at least 5 or the 7 years within the County.
 - **Family Status Changes:** Allowances may be made for persons who have a change in family status that would otherwise cause compliance concerns.
 - Job Loss: if a Qualified Employee loses employment, they have up to 3 months in which active employment is not required. The Qualified Employee is expected to find other employment if unemployment continues and threatens to cause non-compliance.
 - **Exceptions:** The HA may grant exceptions for many circumstances. Efforts will be made to help Households during transitional periods.
- **Lottery for initial sales.** Should the demand exceed the supply, a lottery will be held to determine who will be allowed to purchase a unit. To participate in the lottery, interested buyers must:
 - Complete application to enable HA to determine qualification of household.
 - Submit letter from mortgage lender stating Household's ability to pre-qualify.
 - One additional lottery entry is given to Households with a member who is employed by the following in the R2-j School District:
 - School District
 - Health Care
 - Government
 - Essential Response
- **Secondary Lottery for initial sales.** If necessary, a secondary lottery will be held and made available to any interested Applicants that did not qualify to participate in the Primary Lottery. Those Applicant could include:
 - Norwood Residents and Local workforce needing an exception.
 - Qualified Business Owners: Qualified Business Owners are allowed to purchase up to 2 units during a secondary sales lottery, upon certification by the HA and if any Units are available after all Qualified Households have received Units. There will be a priority list for the secondary lottery made up of business owners and specific exceptions.
 - All other exceptions.

- Entries for those needing an exception are as follows:
 - Living in Norwood School District, needing an exception – 3 entries
 - Working in Norwood School District, needing an exception – 3 entries
 - Living and Working in Norwood School District, needing an exception – 5 entries
 - Qualified Businesses – 3 entries.
 - All other exceptions – 1 entry.
- The DR & Guidelines comply with the Fair Housing Act. All standards administered by HA prohibit discrimination on the basis of age, race, color, religion, sex, sexual identify, familial status, national origin, and handicapped or disabled status.